

Chapter 12

Orders, Earnings, and Billings

12-1. General

This chapter provides guidance on the procedures to be used by U.S. Army/DFAS activities who perform work or sell property/services on a reimbursable basis within Department of Defense (DoD) to other U.S. Government agencies, and to private parties. Reimbursement may be authorized under the Economy Act (31 U.S.C. 1535); Project Order Law (41 U.S.C. 23); or as an order directed by law (such as Federal Prison Industries, 18 U.S.C. 4124). U.S. Army/DFAS activities will use for all types of reimbursable orders, DD Form 448 (Military Interdepartmental Purchase Request (MIPR)) and the DD Form 448-2 (Acceptance of MIPR).

a. Reimbursements to appropriations (appropriation reimbursements) are amounts earned and collected for property sold or services furnished either to the public or another U.S. Government activity. To be an appropriation reimbursement, the collection must be authorized by law for credit to the specific appropriation or fund account (for example, sales to the private sector normally cannot be done without statutory approval). Within the U.S. Army/DFAS, a reimbursement program must be authorized for the account. Except for refunds, collections that are not authorized as appropriation reimbursements will be deposited to the general fund of the U.S. Treasury as miscellaneous receipts. Collections, in the absence of an authorized reimbursable program for goods and services, do not create/provide budgetary resources.

b. U.S. Government activities may be authorized to accept orders for goods or services from other U.S. Government or non-U.S. Government activities. This benefits both the requesting and performing activity, allowing them better utilization of their respective resources by encouraging economies of scale; centralizing installation support functions; and, charging both tenant and host activity support costs to their respective organizations. A proper understanding of these concepts is important because of the direct relationship to obligation management. Before using reimbursable orders, a buyer/seller (ordering/performing activity) relationship must exist. The seller (performing activity) must have the authority to accept reimbursable orders and a normal duty mission that allows providing the goods or services needed by the buyer (ordering activity) or authority from the next higher level of command. A written agreement, signed by authorized representatives of the ordering/requesting and performing activity, becomes mutually binding.

c. Policies pertaining to the pricing issues of reimbursables are in Chapter 37.

12-2. Professional requirements

To effectively manage reimbursable activity, each accountant must understand:

a. Their serviced activity's missions, budget and program guidance, reimbursable activity plans, and accounting information requirements.

b. Each type of reimbursable order and its documentation, expected local transaction volumes, normal event frequencies, processing procedures, relationship of orders and earnings to reimbursable obligations and expenses, automated system interfaces, and available automated system capabilities to support analysis.

c. Application of generally accepted accounting principles and standards, and the analysis and reconciliation requirements necessary for assuring the integrity and accuracy of all reimbursable transactions contained in formal and informal reports. Accountants will not accept, process, or maintain reimbursable order or earnings documentation that fails to satisfy these requirements.

d. Essential internal controls common to all reimbursable program transactions.

12-3. Responsibilities

a. Accountants will--

(1) Monitor and analyze the installation's reimbursement programs, advise resource managers of problem areas, and focus management attention where it needs to be. Thorough analysis may detect:

(a) Insufficient or lack of necessary agreements that establish an ordering/performer relationship.

(b) Mission conflict-direct versus reimbursable.

(c) Inability to perform.

(d) Faulty estimating practices.

(e) Distorted status of funds available.

(f) Unnecessary or overstated customer obligations.

(g) Over-optimistic delivery schedules.

(h) Document processing breakdowns.

(i) Customer requirements funded by performer's direct funds.

(j) Loss or waste of customer (requesting activity) or performer resources.

(k) Customer (requesting activity) failure to meet payment terms.

(2) In addition to providing reimbursable activity execution results, ensure activity directors understand how their actions affect the financial data/reports.

(3) Perform thorough analyses to predict potential cash or funding problems or highlight execution variances (planned versus actual) that may need immediate attention.

b. Accountants will normally control and validate reimbursable transactions by:

(1) Comparing program document distributions by major program, detail reimbursement source code (RSC) (see DA Pam 37-100-FY), and performing activity director to the actual orders of the previous fiscal year.

- (2) Identifying disproportionate relationships and follow-up with the budget officer to identify planned changes in command activity or to correct possible reimbursable program errors.
- (3) Validating the total funded reimbursable program to the funded reimbursement authority (FRA) on the Fund Allowance System (FAS) documents/Fund Authorization Documents (FADs).
- (4) Ensuring reimbursable orders (other than MILSTRIP requisitions), regardless of documentation form, include the following types of information:
 - (a) Buyer's name and address.
 - (b) Complete ordering appropriation accounting classification (U.S. Government orders only).
 - (c) Ordering official's name, title, signature, and date.
 - (d) Buyer fund certifier's name, title, signature, and date.
 - (e) A complete description of the reimbursable service or supplies ordered, including quantities, unit prices, delivery instructions, and total order value.
 - (f) Period of performance.
 - (g) Projected start and completion dates for the order.
 - (h) The basis for identifying reimbursements earned and the billing frequency.
 - (i) The type of billing procedures to be used.
 - (j) The timing of customer payments.
 - (k) The customer number assigned to each order under TL control. Furnish this number to the performing program director by the next workday.
 - (l) Accepting officer's name, title, signature, and date.
 - (m) Performing accounting classification.
 - (n) Advance payment information.
 - (o) Name and telephone number of performing activity's point of contact (POC) for order status information.
 - (p) Name and telephone number of ordering activity's POC for funding and payment information. (Note: Mail all bills requiring payment by check to the FAO/DAO supporting the ordering activity).
- (5) Ensuring reimbursable earnings documentation follow a uniform format for the installation and contain execution information relating to (2) (e), (f), (h), (k), and (p), above.
- (6) Ensuring all reimbursable activity contains reasonable and accurate amounts, and proper accounting period identification.
- (7) Ensuring proper control document blocking and processing.
- (8) Verifying the customer order number issued to identify the serviced program director. The locally controlled customer number will have format and content rules that are uniform and meaningful. A uniform format is critical to automated data query, analysis, reconciliation, and follow-up.
- c. Activity directors will provide support in resolving the following:
 - (1) Delays in starting accepted order requirements.

- (2) Poor pricing procedures.
- (3) Understated or overstated overhead or administration rates.
- (4) Misuse of reimbursable orders.
- (5) Delays in transmitting documents to accounting.
- (6) Prior-year unfilled orders.
- (7) Shortage of funds required to complete an order.
- d. The finance and accounting officer/defense accounting officer of the performing installation/activity is responsible for establishing accounting controls for all orders received and accepted and recording the order as either "funded" or "automatic."

12-4. Reimbursable activity management functions

Reimbursable activity management is the use of disciplined processes to receive, control and validate, record, analyze, and report on reimbursable activity and related unfilled orders, accounts receivable, and unearned revenues. These processes ensure efficient and effective execution of available funding of the buyer and seller (ordering/ requesting and performing activity) and provide accurate and prompt financial information to customers. These functions apply to all types of reimbursable orders.

a. Receiving includes ensuring all reimbursable activity documents and transactions are promptly received by the FAO/DAO for processing on a TL. A reimbursable activity (document or transaction) establishes:

- (1) the program, orders received, or reimbursements earned;
- (2) the order value; or indirectly affects orders as they are adjusted to an earned reimbursement or actual collection from the customer. It includes monitoring prompt receipt of documents with a local control system applicable to reimbursable activity documents or transactions. The installation budget officer may issue FRA received by the installation to program/activity directors by resource authorization document (RAD) or similar document. The installation budget officer will issue fund control documents and the annual program detail, by major program and source code, by TL to the FAO/DAO. Program directors will submit orders received and reimbursement earned documents by TL. Control all reimbursable collections in the same manner as disbursements.

b. Recording includes procedures for processing of reimbursable activity data (listed below).

(1) Identify "orders received" transactions to projected order start and completion dates, within the automated system, at the time the order is recorded. This will make order performance (orders versus earnings) analysis much easier because the automated system can identify, via data query techniques, orders that are not being performed as planned.

(2) Ensure that the revised cumulative values of order modifications equal the sum of the original

order plus/minus all changes. If they do not, record the adjustment based on changes received and ask for clarification from the program director. Ensure that the necessary documents are received to support the revised net amount.

(3) Evaluate the reasonableness of "reimbursements earned" documentation using the order description, delivery schedule, and costs per unit as the basis for analysis. Question program directors about significant variances between order requirements and reimbursable earnings.

(4) Include all outstanding orders as part of this joint review.

(5) Process reimbursable transactions (for example, orders received/orders accepted) within one workday after receipt.

(6) Correct out-of-balance block tickets and process transaction exceptions in the next cycle.

12-5. Issuing orders

a. Issue orders only for a bona fide need of the fiscal year in which the order is placed.

b. Issue orders in advance of expected start time to allow for the development of sound operating budgets and to take into consideration procurement lead time.

c. The ordering officer cannot be the same person who certifies to the availability of funds. See paragraph 12-7 for special requirements that must be met before certifying fund availability for acquisitions from non-DoD agencies under the Economy Act.

d. Negotiate all orders for other than supplies with performing activities prior to initiation. The performer decides the method of financing and how the order will be accepted, either direct fund cite, reimbursable order, or a combination of both.

e. Orders can be placed/accepted on a reimbursable or direct citation basis. Reimbursable orders are orders placed by a requiring DoD component or by GSA on a contract funded by the procuring DoD component or GSA, without separate identification of the items, or separate citation of the funds of the requiring DoD component; and with subsequent delivery to and reimbursement by the requiring DoD component. The reimbursable order is recorded as an obligation by the requiring DoD component when the procuring DoD component accepts the reimbursable order in writing. Direct citation can mean procurement accomplished by combining the requirements of one or more other DoD components with those of the procuring DoD component. The procuring DoD component may issue one contract with separate schedules showing the quantities, prices, dollar amounts, and citation of funds of each requiring DoD component. Record direct fund cite orders as an obligations when the contract or other obligating document citing the ordering activity's funds is received from the performing activity (not when the MIPR is accepted), or when the requiring DoD component is notified in

writing that the procuring DoD components contract or project order has been executed. Issue direct fund citations by message, memorandum, or DD Form 448 (MIPR).

f. Issue orders using DD Form 448 (except as noted in m below). See Figure 12-1 for completion instructions for DD Form 448. When issuing an order, use the following statements on the DD Form 448:

(1) Direct citation of customer funds issued in accordance with this chapter.

(2) Project order issued in accordance with this chapter and 41 USC 23

(3) Economy Act order in accordance with this chapter and 31 USC 1535.

g. When an ordering activity places an order on behalf of persons or agencies outside the Federal Government, it will indicate this on the order. Require prepayments to pay for services requested by private parties and customers outside of the Federal Government.

h. Show prices on the order or in a list incorporated by reference. Where the work to be performed is the subject of a work list (for example, equipment overhaul), consider each entry on the work list an item.

i. Amendments to orders that increase their scope or value may be made at any time the appropriation cited on the order is available for obligation. Do not increase the scope if the financing appropriation has expired. Originally cited appropriations that have expired are available only for increases caused by original in-scope changes.

j. Do not issue orders--

(1) Which violate provisions of the law.

(2) For the purpose of continuing the availability of appropriations.

(3) That violate regulations on commercial contracting procedures. (Including scope changes)

(4) To a performing activity under the same commander unless the commander has been assigned multiple missions. In this case, the commander of both the ordering/requesting activity and the performing activity may be the same person. When this occurs, the identities of these two functions must be kept separate so that the concept of contractual relationship is retained. ("arms length transaction") To do so, finance the order with a fund entity other than the performing activity.

(5) To MWR activities/NAFIs, reference AR 215-1 (Administration of Morale, Welfare, and Recreation Activities and Nonappropriated Fund Instrumentalities).

k. Upon default or failure to perform work or deliver items, consider performers of orders as defaulting contractors. Use the obligation rule for repurchase resulting from "termination for default". (See Chapter 9.)

l. Issue orders for aviation fuel using DD Form 1898 (AVFUELS Into-Plane Contract Sales Slip). Submit

requisitions for DBOF-SMA aviation fuel using DD Form 1348-1 (MILSTRIP Requisition) in accordance with DoD 4140.17-M (Military Standard Requisitioning and Issue Procedures (MILSTRIP)). When submitting DD Form 1898 or DD Form 1348-1, do not use fund code "XP" designates.

m. Normally, DBOF-SMA owned materiel is transferred (issued) on a reimbursable basis. Make issues at standard price, reduced price, or replacement price (according to Chapter 37). Make non-reimbursable transfers to issue within the DBOF-SMA division or when changes in logistical management responsibilities occur. (See AR 30-18 (Army Troop Issue Subsistence Activity Operating Procedures) and AR 710-1 (Centralized Inventory Management of the Army Supply system)). The DBOF-SMA will pay for total costs of wholesale level depot and commercial repair of DBOF-SMA materiel. All issues of materiel in support of DBOF-SMA repair programs as well as issues of DBOF-SMA materiel issued as government furnished materiel (GFM) will be on a reimbursable basis.

n. Generally, no work or service is done by an DBOF-DMA activity except when based on reimbursable orders received and accepted.

(1) When desirable (in the interest of economic operation), incur limited costs before receiving a regular order based on a "Letter of Intent". This applies for authorized programs for which customer funds are available. This letter of intent constitutes an obligation of the ordering activity in a stated amount sufficient to cover the advance costs that may be incurred.

(2) Incur obligations and costs for the general operating needs of an activity (including inventories of materiel) to the extent appropriate and required.

o. The Memorandum of Agreement (MOA) or Memorandum of Understanding (MOU) can be used when certain unquantifiable types of support are required over a period of time, usually a one year duration. The MOA/MOU establishes the estimated total yearly requirement. Place calls as the required support is determined. See figure 12-2 for a sample MOA.

(1) Coordinate the MOA/MOU with the appropriate program, DRM, and legal offices.

(2) State, on the document, that the MOA/MOU is subject to the availability of funds unless the agreement itself is the obligating document. If the agreement is the obligating document it must contain the certification of fund availability and can not exceed one year.

p. Write down procedures for reimbursable orders are in Chapter 28.

12-6. Accepting orders

a. Accepted customer orders establishes an increase in funds available and obligational authority in the performer's allotment/allowance. Unfilled customer orders are the amounts of orders accepted

for goods and services to be furnished on a reimbursable basis. In the case of transactions with the public, unfilled customer orders are amounts collected in advance for which the accounting entity has not yet performed as requested. In addition, these may be orders from the public received and accepted without payment in advance, when specifically permitted by law. Acceptance of a customer order requires that the performing accounting entity agrees in writing to perform the work for the requesting (customer) accounting entity.

b. Perform work using the customer's funds (direct fund cite) and/or using the performer's funds with reimbursement by the customer. Direct fund cite is preferred. Upon receipt of a MIPR, the performing activity will prepare DD Form 448-2. See Figure 12-3 for a sample DD Form 448-2. In either case, on receipt of a direct fund cite or an order accepted as a direct fund cite, performing activities will not further reissue those funds (fund cite provided by the ordering/requesting activity) to another Federal Government agency/activity without notifying the customer for approval.

c. Accept orders on a reimbursable basis only if the funding document for the appropriation to be used to finance the work provides this authority. Funded reimbursable orders may be accepted in excess of FRA but execution cannot begin until additional FRA is received. Do not use direct funds while awaiting additional FRA. The finance and accounting officer/defense accounting officer of the performing installation/activity is responsible for recording the order as either "funded" or "automatic" and for establishing accounting controls for all orders received and accepted.

d. Do not accept reimbursable orders that are inconsistent with mission without MACOM approval.

e. The accepting officer must be a duly authorized employee of the performing installation/activity.

f. Upon acceptance, orders become the authority for performers to incur cost in accordance with the terms of the order.

g. Record orders received and accepted, which the acceptor will finance with multi-year appropriation, in the current year of the appropriation.

h. Acceptances must specify if the reimbursement is on the basis of "fixed price" or "cost incurred". Use a fixed-price basis if all the following conditions are present:

(1) Billable unfunded costs will be included on the accepted price of the order. See Chapter 37.

(2) Each item or service ordered is separately priced.

(3) Substantial contingencies are not included in the price nor considered to be involved in performance. Hold provisions for contingencies in price or performance to a minimum. Relate price contingencies to definite factors (for example, expected materiel price increases or labor rate

increases). Hence, cost variations in performance can be expected to be minor.

(4) Standards used in cost estimating include expected cost variances.

(5) The price established in a fixed-price order is considered a firm price for purposes of reimbursement. The price, however, is subject to amendments for changes in the scope of the order.

(6) Many change orders are not expected and work makes it practicable to use a fixed-price order.

i. The accepting activity will put an estimate of the unfunded cost on the acceptance.

j. When "Withdrawal Credit" is authorized by OSD, designate the amount of credit to be applied to each project order or other order. Base the amount of credit on the estimated cost of materials and supplies included for which the withdrawal credits were set up. The ordering activity will obligate the order net of such credits.

k. Two groups of reimbursable orders are subject to centralized control (Do not accept these types of orders until authority is released.):

(1) All reimbursable orders to be recorded/ financed in/with U.S. Army procurement appropriations (PAs); and

(2) Foreign military sales customer orders (97X8242). These centralized functions are supported through the Order Control module of the Program Budget Accounting System (PBAS). Only the U.S. Army Corps of Engineers can accept an order financed by Military Construction, Army (MCA).

12-7 Economy Act Orders

a. Inter-agency acquisition means a procedure by which a U.S. Government agency (activity) requiring supplies or services (the requester) obtains them from another U.S. Government activity (the performer).

b. Under the Economy Act (31 U.S.C. 1535), an activity may place orders with any other activity for supplies or services. The performing activity may be in a position or equipped to supply, render, or obtain by contract if determined by the head of the ordering activity, or his designee, that it is in the U.S. Government's interest to do so.

c. An Economy Act order is an intra-governmental order that does not qualify as a project order on another Federal agency or on another DoD component.

d. Record Economy Act orders as obligations in the amount stated in the order when accepted in writing. (See direct fund citation rules in paragraph 12-5.g.) Adjust undelivered Economy Act orders against annual or multi-year appropriations, or both, downward when appropriation is no longer available for obligation. The amount of the adjustment is the difference between the value of the order(s) and the obligations incurred by the performing agency. That is, an order placed or agreement made under the Economy Act obligates the requesting activity's direct

funds only to the extent that the performing activity provides, or enters into a contract to provide, the requested goods or services prior to the expiration of the appropriation's period of availability for obligation.

e. The determination prescribed in paragraph 12-7b above will include a statement that--

(1) Legal authority for the acquisition exists. When a fund citation is provided by an Economy Act Order (MIPR or Inter-Agency Agreement) to another activity to establish a contract for goods and services which bypasses the local supporting contracting office, the order must be coordinated with the ordering office's legal counsel and supporting contracting officer. This coordination requires the ordering office's supporting contracting officer to ensure enforcement of the Federal and Defense Acquisition Regulation Subpart 17.5 to prepare and include written determination on the MIPR as to whether the transfer is in the best interest of the U.S. Government. The determination statement will include the expected economies or other advantages to be achieved by the transfer.

(2) The action does not conflict with any other agency's authority or responsibility. (For example, the Administrator of General Services under the Federal Property and Administrative Services Act (40 U.S.C. 481, 486 and CFR 101-25.2).)

(3) If the acquisition involves the use of a commercial activity operated by the performing activity, the determination will also include a statement that the acquisition conforms to the requirements of the Federal Acquisition Regulation (FAR) Subpart 7.3, Contractor versus Government Performance.

f. Before an Economy Act order is released outside of DoD for contracting action, the head of the requesting agency or designee shall determine that:

(1) The ordered supplies or services cannot be provided as conveniently and cheaply by contracting directly with a private source;

(2) The servicing agency has unique expertise or ability not available within DoD; and

(3) The supplies or services clearly are within the scope of activities of the servicing agency and that agency normally contracts for those supplies or services for itself.

(4) The head of agency may delegate this determination only as follows: if the servicing agency is required to comply with the Federal Acquisition Regulation (FAR), the written determination shall be prepared by the requesting agency and approved at a level no lower than SES/flag/general officer at the requesting activity. In the event the requesting activity does not have an SES/flag/general officer, the commander of that activity shall approve the written determination. If the servicing agency is not covered by the provisions of Chapter 137 of Title 10, United States Code, or Title III of the Federal Property and Administrative Services Act of 1949 and is not required to comply with the FAR, the

written determination must be approved by the senior procurement executive responsible for purchasing for the requesting agency.

(5) Program managers shall be responsible for ensuring that a documented "determination and finding" statement is provided prior to committing and obligating funds on Economy Act orders placed outside the department and that copies are provided to their accounting offices. The head of the requesting agency or designee is responsible for the contents, approval, or accuracy of the documented determination and finding statement.

(6) A program manager is the individual certifying the availability of funds. Head of the requesting agency is the commander of the installation issuing the Economy Act order outside of DoD.

g. Ordering departments send their requirements on a DD Form 448, Military Interdepartmental Purchase Request (MIPR). The order will include--

(1) A description of the supplies or services required.

(2) Delivery requirements.

(3) A fund citation.(if necessary)

(4) A payment provision.

(5) Acquisition authority as may be appropriate.

(6) The ordering and performing activities will agree to procedures for the resolution of disagreements that may arise under inter-agency acquisitions, including, in appropriate circumstances, the use of a third-party forum. If a third party is proposed, obtain consent of the third party in writing.

(7) When an inter-agency acquisition requires the performing activity to award a contract, the following procedures apply:

(a) If a justification and approval or a determination and findings is required by law or regulation, the performing agency will execute and issue the justification and approval or a determination and findings. The ordering activity will furnish the performing activity any information needed to make the justification and approval and the determination and findings.

(b) The ordering activity will be responsible for furnishing other assistance that may be necessary, such as providing special contract terms or other requirements that must comply with any condition or limitation applicable to the funds of the ordering activity.

(c) The performing activity is responsible for compliance with all other legal or regulatory requirements applicable to the contract, including--

(1) Having adequate statutory authority for the contractual action; and

(2) Complying fully with the competition requirements of the FAR Part 6, Subpart 6.002, which states: "No activity will contract for supplies or services from another activity for the purpose of avoiding the requirements this Part."

(3) Payment under the Economy Act:

(a) The performing activity may request the ordering activity, in writing, for advance payment by check for all or part of the estimated cost of furnishing the supplies or services.

(b) If approved by the performing agency, payment of actual costs may be made by the ordering activity after the supplies or services have been furnished.

(c) If advance payment is made, make adjustments on the basis of actual costs as agreed by the activities.

(d) Bills rendered or requests for advance payment will not be subject to audit or verification/certification in advance of payment.

12-8 Project Orders

A "project order" is a specific and definite order issued under the authority contained in 41 U.S.C. 23 for the manufacture of materials, supplies and equipment, or for other work or services, which when placed with and accepted by a separately managed and financed qualifying Government-owned and Government operated (GOGO) establishment, serves to obligate appropriations in the same manner as orders or contracts placed with commercial enterprises. A GOGO establishment for the purpose of this regulation is any shipyard, arsenal, or ordnance plant or other manufacturing or processing plant or shop, equipment overhaul or maintenance shop, research and development laboratory, or testing facility or proving ground which is owned and operated by the U.S. Government, without respect to the manner in which the establishment is financed.

a. Issuing project orders.

(1) Issue project orders for the following work or services (if the work will be performed in house and the ordering activity and the performing activity are separately financed):

(a) Production or construction, modification, conversion, alteration, renovation, overhaul, rebuild, maintenance, or rehabilitation of--

1. Guided missiles and other weapons.

2. Vehicles of all kinds.

3. Ammunition, clothing, and machinery.

4. Other military supplies and equipment.

5. Component parts and spare parts for the above items.

(b) Research, Development Test and Evaluation (RDTE) work to the extent properly made the subject of orders, pursuant to other provisions listed below.

(c) Minor Construction and maintenance of real property.

(2) Do not issue project orders--

(a) For major new construction of real property.

(b) For education, training, subsistence, storage, printing, laundry, welfare, transportation (including port handling), travel, or communications where any of these items are the primary object of the order.

(c) Where a contractual relation cannot exist between the ordering and performing activity.

(d) If the start of work depends on issue of any other documents or authorizing actions.

b. Acquisitions under project orders

(1) Project orders are analogous to contracts placed with commercial concerns and should be specific, certain, and definite as to the work to be performed and the terms of the order itself.

(2) Project orders must serve a bona fide need existing in the fiscal year in which issued; otherwise, a valid obligation is not accomplished.

(3) The work to be performed under project orders will commence within a reasonable time after issue. As a minimum, evidence must exist at the time of acceptance showing the intention that work will begin without delay and will be completed within the normal production period for the specific work ordered.

(4) Project orders will not be issued if commencement of work is contingent upon issuance of other documents or other authorizing action by the ordering component.

(5) Like commercial contracts, project orders may contain special provisions and later be modified or amended.

(6) Issue/accept modifications or amendments, including the extension of expiration dates, in the same manner as the original order.

(7) Issue project orders for performance on a reimbursable basis only. They will not be subject to execution on direct citation of funds.

(8) Issue project orders on DD Form 448.

(9) Project orders may include the cost of special machinery or equipment to be used in performance of the order if the item and its costs are in the terms of the order, and are separate and distinct from other costs. Such machinery and equipment become the property of the ordering activity. The ordering activity will provide instructions for its disposal.

(10) A U.S. Army component, having immediate and direct management responsibility for a program (or part of a program), is authorized to issue project orders for the program. Commanders at a level higher than that of the component having such program responsibility will not issue project orders.

(11) Cost-reimbursement project orders must contain estimates that will be the ceiling amounts for billing and reimbursement.

(12) Ordering activities will combine small orders for similar items on a single project order, when possible, to reduce the total number of orders.

(13) Project orders must fund the entire project. The exception is project orders issued for RDTE work through the end of the fiscal year (incremental funding). RDTE orders expiration date (including extensions) will not extend more than 3 months into the second year of availability. Do not initiate new project orders in the second year of availability (see AR 70-6, Management of the RDTE Army Appropriation).

(14) Accept project orders any time in the fiscal year in which delivery of production is scheduled, provided

the obligation life of the financing appropriation has not expired. (Exception: Do not accept RDTE funded orders after the first year of availability.)

(15) When the end-time production delivery schedule dictates a work start date that is after expiration of the financing appropriation, accept the project order in the final year of the obligation life of the appropriation.

(16) As a minimum requirement, evidence must exist of the recipient's intent and capability to begin the work within 90 days and complete the order within the projected period. Otherwise, do not accept the order. The start of work is defined as cost incurred or any other action that cannot legally be performed without an accepted project order. (For example, expenditure of direct labor or consumption of parts and materials or issuing a contract to purchase parts or materials peculiar to the order that are not stocked by U.S. Government/wholesale supply systems.) These actions do not qualify as a valid start of work if they are taken earlier than necessary to support the completion of the order.

(17) Subsidiary ordering (within the Federal Government) or contracting with commercial firms is authorized provided that it is incidental to carrying out the project order.

(18) For production acceptance testing at GOGO test facilities, since testing is a follow-on to production, the customer will ensure that production is ongoing before issuing the production acceptance test project order. If delivery is not expected until after expiration of the appropriation, issue project orders prior to expiration of funds. RDTE orders expiration date (including extensions) will not extend more than three months into the second year of availability. Do not initiate new project orders in the second year of availability.

12-9 An order required by law

For an order required by law to be placed with a U.S. Government agency, such as: Federal Prison Industries (18 U.S.C 4124), Government Printing Office (44 U.S.C. 111), General Services Administration (GSA), Corps of Engineers--Civil Works Revolving Fund (33 U.S.C. 576), record an obligation at the time the order is issued. **(Note: This is a critical difference from the acceptance requirement of normal project orders and Economy Act orders).**

12-10. Emergency orders

For emergency situations, work may begin before an order is received, if approved by the performing installation's commander or equivalent. These orders (called commander's orders) are subject to the following conditions:

a. There must be a bona fide emergency arising from unforeseen needs.

b. The installation/activity performing the work must have assurance that an order will be issued promptly.

c. Commander's orders expire 30 days from the date that the commander verbally issues the orders.

d. Do not use commander's orders to compensate for administrative lead time that should have been considered in advance planning.

12-11. Funded reimbursement authority

a. Funded reimbursement authority (FRA) is provided on funding documents with specific dollar ceilings. It is available for obligation only to the extent that orders have been received and accepted by the performer. (See paragraph 12-6.c above).

b. When an operating activity (OA) accepts and accounts for a funded reimbursable order, or when collections are made by or to the credit of an OA, but the related work, services, or sales are done by subordinate installations, allot the funds made available by acceptance of the orders to the performing installation(s) as direct funds via a FAD or FAS document.

c. When processing Defense Reutilization Marketing Service sales as funded reimbursements, costs incurred are reimbursable up to the amount of FRA specified on the funding document. Since DFAS-IN collects these receivables, transfer the exact amount of the reimbursable costs incurred at the end of each month.

12-12. Automatic reimbursement authority (ARA)

Automatic reimbursement authority (ARA) is provided without dollar ceiling. The type of order, funded versus automatic, depends on the financing appropriation, not the work/services being provided.

a. The following are examples of items that may be accounted for as automatic reimbursements:

(1) On the basis of specific orders--

(a) Service to tenants or satellite activities.

(b) Sales of supplies or services to customers financed by other allotments, appropriations, or funds.

(c) Medical care and medicare services provided by U.S. Army Medical Command (MEDCOM) activities as set forth in AR 40-3 (Medical, dental, and Veterinary Care).

1. Medical care furnished by U.S. Army medical treatment facilities (MTFs) to beneficiaries of certain federal departments, agencies, and certain categories of patients specified in AR 40-3, Appendix B, are not reimbursable at the local level. The local MTFs will be directly funded through the budgeting process for these expenses, but the responsibility for collection is centrally controlled by MEDCOM.

2. The medical services accountable officer (MSAO) will prepare a separate DD Form 7 (Report of Treatment Furnished Pay Patients: Hospitalization Furnished (Part A) and DD Form 7a (Report of Treatment Furnished Pay Patients: Outpatient Treatment Furnished (Part B)) and submit to MEDCOM for each Federal department, agency, foreign government or country, and each patient

category specified in AR 40-3, Appendix B, as centrally reimbursed.

(d) Expenses incurred in support of Defense Property Disposal Offices (DPDOs) in accordance with Inter-Service Support Agreements.

(2) On the basis of estimates--

(a) Communication services.

(b) Laundry services for individual cash collections and collections by voucher deduction on manual pay vouchers other than final separation transactions.

(3) Other--

(a) Collections resulting from claims against carriers, if authorized to be retained in the financing appropriation.

(b) Reimbursements for financing Military Assistance Program (MAP) and Foreign Military Sales (FMS) training of foreign personnel by the U.S. Army.

12-13. Executing customer orders

a. Do not administer or account for orders as separate subdivisions of funds. The requesting activity (that is, customer) will perform appropriation type accounting for the order as if it were a contract.

b. The accepting/performing activity cannot exceed the amount of the order or the direct fund cite. If the accepting/performing activity cannot perform on schedule or complete the order, it will promptly notify the requesting activity. If it becomes evident that goods or services to be provided will exceed the estimated costs, the accepting/performing activity will immediately notify the requesting activity and curtail or cease performance, as necessary, to avoid exceeding the estimated cost. Failure in this regard may result in the performing activity violating 31 U.S.C. 1301(a) and 1341(a). The requesting activity may then amend or terminate the order.

c. Accepting/performing activities will notify ordering activities when the value of the order exceeds funding needs and prior to completion of orders. Notification will be made by DD Form 448-2/ letter/message depending on source of document received/used by the accepting/performing activity. Upon completion of the orders, the accepting/performing activity will reduce orders accordingly. If unused funds are returned, requesting/ordering activities will use this notification to reduce obligations. Performing activities will review unexecuted balances of reimbursable orders as of June 30, July 31, and August 31 and promptly return excess funds to the requesting activities. U.S. Army Corps of Engineers will notify customers of unused funds provided for contingencies IAW with Chapter 9.

d. When a customer cancels or stops an order prior to completion, the performing activity will add closing costs in the amount to be reimbursed. The total amount to be reimbursed will not exceed the amount of the fixed-price order or the current ceiling amount on cost-reimbursement orders. When the customer of any military department, and the performing

activity of another cannot reach an agreement on termination costs, both activities will refer the case to their major command (MACOM) for resolution. If the MACOM cannot resolve the dispute, they will refer it to: HQDA, Army General Counsel, ATTN: ASA-FM-FCL, Pentagon Room 3B714, Washington, DC 20301-1100.

e. At year-end, performing activities will adjust orders (see Chapter 28).

f. When the start of a project order is delayed beyond 90 days, the performing activity must obtain approval of the delay from the ordering activity. The ordering activity may cancel the order and procure the material or services from another source.

g. For cost-reimbursement project orders, the performing activity will notify the ordering activity promptly upon learning of any significant change in costs. Give this notice so that the ordering activity can amend the project order. When estimated ceiling amounts show a need for adjustment, the ordering and performing activities will negotiate. Finalize negotiations and adjustments before costs exceed 75 percent of the obligated project order amount. The performer must absorb minor differences.

h. Convert a cost reimbursement project order to a fixed-price project order if--

(1) The conditions in paragraph 12-6j exist.

(2) Not more than 50 percent of the cost of the work has been incurred.

(3) Not more than 50 percent of the period of performance has expired.

i. If project orders that combine small orders for similar items are not completed within 60 days after fiscal year-end, performers will return unused funds to the customers.

j. DBOF funded installations operating their own dispensaries, first aid rooms, or other facilities will collect for services provided to patients who are covered by the Bureau of Employee's Compensation.

12-14. Reimbursements earned

Reimbursements earned are costs incurred in the completion of customer orders by the performing activity. Use these costs as a basis for billing customers. Bill in accordance with the terms of the related reimbursable order. Rules for recording reimbursement earnings are:

a. Record earnings for all costs that can be readily identified to an order.

b. Provide documentation to support the recording of reimbursements earned, which will consist of job orders, issue and turn-in slips, shipping documents, sales documents or equivalent instruments evidencing performance, and/or administratively prepared estimates of accruals where performance documents do not exist. As a minimum, earnings documents will include--

(1) A dollar amount of the earning.

(2) A complete description of the services performed or supplies issued.

(3) The period of performance.

(4) Identification of the earnings so that they can be matched with the related order.

(5) Name and telephone number of the performing activity.

c. Reimbursements earned will never exceed the amount of the accepted order.

d. Do not record earnings for the sale of material until seven days after the material release order for shipment is issued.

e. Record earned reimbursements and bill promptly in the accounting period earned. When decisions are made to waive small amounts retroactively, transfer the obligations incurred to the direct program from the reimbursable program.

f. When products or services are provided to customers after the performer's account closes, do not record earnings in the closed account. Instead, to the extent no advance collections (unearned revenues) were received from customers when the performer's account closed, record an account receivable in the miscellaneous receipt account. Performers will then deposit to the miscellaneous receipts, any collections received for these accounts receivable by:

(1) crediting the miscellaneous receipt account on all billings to customers for products or services provided for valid unfilled orders in the performer's closed accounts; and

(2) charging the customers financing account if the customers's account isn't closed or requesting from customers an unexpired account fund cite to charge if the customers financing account is closing.

12-15. Determining charges for support provided to other departments and Federal agencies (cross-servicing)

a. When possible, specify the basis for determining reimbursement in servicing agreements prior to furnishing the service. Charge the cost of travel, per diem, and/or non-personal services performed as part of cross-servicing support to the requiring activity. Cite the funds of the requiring activity on bills of lading for transportation that is part of cross-servicing support. Bill serviced activities for utilities at cost, if they are a separate and distinct service and not incidental to another cross-service support agreement.

b. Determine the amount to charge for cross-service support using the following sources:

(1) For DBOF-SMA items, use the price in the Army Master Data File (AMDF).

(2) For storage activities, use AR 740-1(Storage and Supply Activity Operations).

(3) For accessorial charges and all other items see Chapter 37.

12-16. Billing procedures

a. Bill ordering activities on the basis of jobs completed or services rendered according to the order terms. Progress payments approximating cost incurred may be required if an order takes a long time to fill. Use a method agreeable to both the requester and the performer as the basis for reimbursement, provided it is reasonable, accurate, simple, and does not violate other regulations. Exceptions to the use of progress payments are:

(1) Base reimbursement for transportation and terminal services or other services involving similar conditions on starting transportation services rather than completion of those services.

(2) Base reimbursement for orders between activities operating under the same Defense Business Operations Fund (DBOF) on percentage of completion of the order or work performed.

(3) Do not make billing adjustments to fixed price orders unless a change in scope of the order is made. For cost-reimbursement-type orders, adjust billing amounts when the estimated cost changes.

b. Charges for services performed by non-DBOF-SMA activities include direct materiel under applicable pricing in Chapter 37. Also, include civilian labor costs, plus a percentage to cover direct cost to the host for personal services fringe benefits. These may include annual leave, holidays, sick leave, and contributions for group life insurance, civil service retirement, health benefits, MEDICARE, and Thrift Savings Plan (TSP) contributor. (See Chapter 37)

c. DFAS-IN, DFAS-IN/AM, will provide rates to be charged for the use of U.S. Army aircraft and disposition instructions for the collections via message.

d. For cost reimbursable project orders, U.S. Army activities operating under the DBOF will determine the amount of reimbursement for each type of customer as outlined in Chapter 37. These billing elements (funded and unfunded) are required as part of the cost accounting system. If final billings to customers are performed by activities other than performing DBOF installations (such as FMS customers) separate each element identified until final billings are complete. Record amounts collected for unfunded costs as accounts payable until deposited to miscellaneous receipts or the incurring appropriation. When any ordering activity places an order for a person, agency, or foreign government that is subject to the provisions of this paragraph, the ordering activity will place a separate order in their behalf, in an amount that includes unfunded costs, and specify that the order is for a person, agency, or foreign government, so that proper billing can be made.

e. Bill as frequently as practical (at least monthly) taking into consideration the volume and dollar value of billable transactions.

f. For orders placed on behalf of persons or agencies outside the U.S. Government, the billing

activity will annotate bills with the amount of unfunded cost.

g. Bill by--

(1) Interfund for supply transactions within DoD except for Special Defense Acquisition Fund (SDAF), see Chapter 35. Bill U.S. Army customers through the interfund system. If another DoD activity submits a requisition, order, or a DD Form 1898 with a fund code of "XP", U.S. Army activities will honor the non-interfund billing procedures designated by this fund code.

(2) Self-reimbursement (no-check-drawn) for all non-supply transactions within DoD. This requirement eliminates the need for pre-certification of billings by ordering activities. **(Note: Bill the U.S. Army Corps of Engineers Civil Works Funds (Dept 96) and specific Federal non-DoD agencies on a "check-drawn" basis until their systems have been redesigned)**

Requesting and performing activities insisting on deviating from self-reimbursement procedures will submit requests for waiver to DFAS-Indianapolis Center, ATTN: DFAS-IN/AM, 8899 East 56th Street, Indianapolis, IN 46249-2201. See Figure 12-4 for SF 1080 (Voucher for Transfer Between Appropriations or Funds) bill preparation procedures and Figure 12-5 for a sample computer-generated bill. See Chapter 13 for SF 1081 (Voucher and Schedule of Withdrawals and Credits) preparation instructions.

(3) SF 1080 or a computer-generated equivalent, for within-U.S. Government transactions outside DoD.

(4) DA Form 1857 (Statement of Account) for all non-U.S. Government transactions. See Figure 12-6 for DA Form 1857 preparation instructions.

i. Support all bills by a statement of services furnished or by evidence of shipment (for example, shipping documents or summary listings). These documents or listings will show the following:

(1) Performing installation and document number.

(2) Requesting installation and document number.

(3) Dollar value of billing (indicate partial, final, or complete billing).

(4) Date materiel was dropped from inventory or delivered to a carrier, if applicable.

(5) Line item identification on order.

(6) Movement designator code (MDS) for military or commercial carrier, if applicable.

(7) Quantity and unit price, if applicable.

(8) Collection accounting classification. (See DA Pam 37-100-FY)

j. Other data requirements to support SF 1080/SF 1081 or the computer equivalent are:

(1) Where applicable, provide distribution of costs for personal services, materiel from stock issues, and pro-rata distribution of overhead charges. Where accumulated costs are not maintained, provide the charges on the face of the voucher or supporting documents. The supporting documents may be in the

form of shipping documents, item-ized statements, or mechanized listings.

(2) For materiel issued from stock, show the notation "Issues from Stock " on the SF 1080/SF 1081/computer equivalent bill.

(3) For billings to DoD customers, include a memorandum of the military personnel costs.

(4) Do not bill for meals served to enlisted personnel of other U.S. Military Services, who are entitled to eat at U.S. Government expense in appropriate dining facilities. This includes meals served in dining facilities operated by the Surgeon General.

j. For each order received, include on automated bills (not when bills are manually produced) the following:

(a) Funds authorized (amount of order received);
(b) total previous billings; and total billed to date (reimbursement earned) (See paragraph 12-5).

k. The U.S. Army's guidance for waiver of small amounts on reimbursable orders is as stated in Chapter 37.

l. If billing on constructive delivery, the bill will contain this statement: *"Material billed herein was delivered to a carrier as indicated on (shipping documents) for subsequent delivery to (address)."*

m. Distribute bills (other than interfund) as:

(1) No-check-drawn transactions (SF 1080/SF 1081 or computer equivalent)-all copies to the cashier.

(2) SF 1080 or computer equivalent bill and DA Form 1857 transactions:

(a) Original and two copies to customer.

(b) One copy to the cashier to be retained pending receipt of payment.

(c) One copy retained in the accounting branch.

(d) Annotate the SF 1080 or computer equivalent bill received from the office billed, for which a check for payment is attached, "collection voucher" and use as the original collection voucher to support the Statement of Accountability (SOA) of the billing office.

n. Consider direct shipments financed as reimbursable procurement from commercial sources as having been shipped from stock. Bill such shipments in the same manner as shipments from stock except for--

(1) *Origin acceptance* Bill for materiel accepted by an inspector at a commercial plant, and simultaneously shipped direct to the ordering activity, on the basis of documents received from the inspector who accepted the property for the U.S. Government.

(2) *Destination acceptance* Bill for materiel shipped directly from a commercial vendor to an ordering activity for acceptance at destination on the basis of the documents received from the ordering activity showing acceptance of the materiel.

o. The following rules apply for billing adjustments:

(1) For short or damaged shipments, the ordering activity will initiate action to obtain billing

adjustments for shipments within DoD. Do not initiate action within DoD when loss or damage is less than \$250 per line item. The ordering agency must absorb these costs. This authority does not relieve ordering activities of the requirement for report of survey action to adjust property accountability when specified in AR 735-11-1 (Uniform Settlement of Military Freight Loss and Damage Claims) and AR 735-11-2 (Reporting of Item and Packaging Discrepancies). The performing activity will normally determine the validity of claims submitted by requesting activities within DoD for losses attributable to the performing activity. For losses exceeding \$250 per line item, when the requesting activity does not accept the decision of the performing activity regarding settlement of claims for losses, the requesting activity may appeal the decision through its MACOM to the DFAS-Indianapolis Center, ATTN: DFAS-IN/AM, 8899 East 56th Street, Indianapolis, IN 46249-2201 or to the Defense Logistics Agency, as appropriate.

(2) Requests from customers outside DoD for billing adjustments for shortages, damages, or defects in shipments of less than \$100 per line item will not be allowed.

(3) The requesting activity will absorb claims of less than \$250 per bill for a transaction not arising from shortages, damages, or defects in shipments (for example, incorrect billing).

(4) NAFIs will pay bills only if materiel has been received. Where non-receipt is alleged by the ordering activity, billing adjustments may be made. The requesting activity may appeal any adverse decision of the performing activity without regard to dollar limitation.

(5) To compensate its DBOF customers for retail operating losses on U.S. Army managed DBOF-SMA items, the Army Materiel Command (AMC) wholesale division of the DBOF-SMA issues a retail loss discount to customers as part of its billings. It computes the discount by applying a percentage to the amount billed before deducting the discount. The percentage represents that part of the sur-charge percentage (see Chapter 37) that pertains to retail operating losses. AMC computes this discount annually from data supplied by the retail divisions.

p. SF 1080 bill, or its computer equivalent, requiring a payment by check (for example, USACE Civil Funds) will state both the "date of the bill" and the "payment due date." Payment due date will be 30 days from date of bill. However, the billed activity/agency will pay all undisputed bills within 15 days from the date of receipt of SF 1080 or its computer equivalent without audit or certification in advance of payment. Establish regular follow-up procedures to assure that ordered goods and services are received. The billed office will examine the bill to determine that correct amounts have been charged and that the required information is furnished. If the billing document is proper, the billed

office will complete the voucher by executing (signing) the "Certificate of the Office Billed" and inserting the accounting classification to be charged. A check will be prepared in the amount of the bill and forwarded to the billing office, together with a copy of the SF 1080 or its computer equivalent marked "COLLECTION COPY". File copies of receiving reports, receipted invoices, shipping documents, or summary listings with the retained copies of the bill.

g. For "no-check-issued" SF 1080 or its computer equivalent, the billing office will execute the "Certificate of the Office Billed". Where materiel is furnished, execute the certificate on the basis of constructive delivery or drop from inventory, as appropriate. Mark "No Check Drawn" in the "Paid By" portion of the voucher. Process the voucher through the accounting system as a "Transaction for Others" or as a "Cross Disbursement for Others". Furnish copies to billing offices if they are separate from the finance and accounting office. Use a copy of the voucher annotated "Collection Voucher" as the original collection voucher and process with the finance and accounting officer's/defense accounting officers accounts. Forward a copy of the SF 1080 or its computer equivalent, with the required supporting documentation, to the FAO/DAO whose accounts are being charged. See Chapter 33 for TFO/TBO and cross-disbursing procedures.

12-17. Accounting for reimbursements for business development expenses (BDE)

a. BDE represents the difference between the contract price and the price required on the open market for contracts negotiated by the Small Business Administration (SBA) under Section 8(a) of the Small Business Act. Contracting agencies pay the contractor the full contract price for delivered goods/services and recover from the SBA that portion of the contract price identified as BDE. The recovered amount increases funds available for the contracting agencies.

b. When Section 8(a) contracts are awarded, the FAO/DAO will establish reimbursable order for the full amount of BDE under the contract. At the same time, the FAO/DAO records an earning and submits an SF 1080 bill and a copy of the contract to the SBA for that amount. The SF 1080 will cite the contract number, applicable funding citation, and the purpose for which the funds are requested. Mail the SF 1080 to: Small Business Administration, Office of Financial Operations, Fiscal Examination Branch, P.O. Box 660, Denver, CO 80201-0660.

c. Credit BDE advances received that are over \$1,000 to special advance account 946 (see DA Pam 37-100-FY). Record advances received for \$1,000 or less as revenue and collect into the appropriate reimbursable accounting classification.

d. Except as provided in paragraph (b) above, recognize earnings as performance deliveries are made per the contract. FAO/ DAOs will identify all

earnings associated with BDE advances to ensure proper clearance of the advance from project account 946 (See DA Pam 37-100-FY).

e. Ensure that any BDE collected in advance is actually earned. Upon contract completion or expiration, furnish the SBA an accounting of BDE collections/earnings. Reflect any adjustments on an SF 1080 and record them in the accounting records.

12-18. Foreign currency fluctuation

a. If the requesting activity is within DoD and the performing activity is incurring obligations that will be paid in one of the foreign currencies designated in DA Pam 37-100-FY, the performing activity will notify the requesting activity of the amount paid at both the budget rate and the actual exchange rate. If the requesting activity is using direct funds and is authorized to use foreign currency fluctuation procedures (for U.S. Army: OMA, AFH (Army Family Housing), and MCA (Military Construction Appropriation)), the requesting activity will record the budget rate portion in the funding appropriation and will charge or credit the disbursement variance to the applicable CMA (Centrally Managed Allotment) account described in DA Pam 37-100-FY. If the requesting activity is using reimbursable funds, it will pass the information to its customers.

b. Three conditions must exist in order for the foreign currency reimbursable procedure to apply.

(1) The requesting and performing activities must be DoD organizations.

(2) The requesting activity must cite a DoD Operation and Maintenance (O&M), Family Housing O&M, or Military construction appropriation on the MIPR.

(3) To complete the specific work or service required by the order, the performing activity must make some payment in a qualifying foreign currency. Such currencies are provided in a list issued by the Office of the Comptroller, DoD and included in DA Pam 37-100-FY.

c. When the foreign currency reimbursable procedures apply, the DoD performing activity will--

(1) Advise the requesting activity regarding that portion of the order to be filled by use of a qualifying foreign currency. This is the "notification rule".

(2) Recover actual cost of performance, including foreign currency outlays, when billing against the reimbursable order.

d. Illustration of procedures follows:

(1) *General* A DoD organization has a requirement for the design and fabrication of six special containers. The DoD organization will cite the O&M appropriation as the funding source. The performing activity will use materiel that must be purchased from a local foreign vendor with Deutsche Marks (DM). All labor will be provided by in-house personnel. This scenario will demonstrate what the performing and the requesting organizations are required to do.

(NOTE: If, because of normal mission requirements,

the materiel is already in stock at the performing organization, then the foreign currency reimbursable procedures would not apply since condition, paragraph b(3), above, did not exist.) The fact that the materiel in stock was previously purchased with Deutsche Marks has no importance in this reimbursable scenario. The reason there is no importance is that the materiel was purchased to satisfy a mission requirement and not solely to satisfy the reimbursable requirement in this scenario.

(2) *Proposed conditions (fictional)*

(a) The Fiscal Year 1990 budgeting rate for O&M was 2.5DM to \$1.

(b) On the day the reimbursable order was accepted (1/10/90), the current rate had changed to 1.5DM to \$1. The requesting activity used this rate to establish an accrued variance (difference between unliquidated obligations at the budget rate and the current foreign currency exchange rate) when formal acceptance was obligated.

(c) On the day the performing activity actually purchased the materiel from the foreign vendor (3/15/90), the rate had changed again to 1.0 DM to \$1. At this point is important to understand that the above rates or the changes thereto are of no concern to the performing activity because the performing activity is going to bill the ordering activity for the actual cost incurred in purchasing the Deutsche Marks required to pay the local vendor. The performing activity will collect cost according to this chapter and bill the customer for reimbursement of these costs. The performing activity will continue to accept reimbursable orders, incur obligations and bill for reimbursement at the current foreign currency exchange rate. (Note: The only difference between this reimbursable procedure is the requirement for the performing activity to notify the requesting organization when there is a requirement to use foreign currency.)

(3) *Other details* To continue with the illustration, in late December 1989, the requesting activity telephoned the performing activity and discussed the requirement for the design and fabrication of six special containers. The performing organization gave an initial estimate of \$15,000. Based on the phone conversation, the requesting organization issued an Economy Act order in the amount of \$15,000, citing the O&M appropriation. When the performing organization received the order, it was passed to the production department for evaluation and advice on acceptance. The production engineer assessed the requirement and decided that: the job could be done in-house and the labor cost would approximate \$9,960; and the materiel would need to be purchased from a local vendor for 12,600DM. The production engineer recommended acceptance of the order on a reimbursable basis and provided the necessary "notification."

(a) When the acceptance was actually prepared on January 10, 1990, the performing activity indicated

on the acceptance document something like the following:

"This is to advise that a portion of this order will be filled by purchase of materiel from a local vendor who requires payment in Deutsche Marks. Labor \$9,960 and Materiel 12,600DM."

(b) At this point, the performing activity has fulfilled its obligation under the rule for "notification". Upon receipt of the formal acceptance, the requesting activity will know how to establish the obligation based on the notice. The requesting activity made the following entry to record the obligation:

	Obligation	Accrued Variance
Labor \$9,960.....		
Material \$5,040.....		\$3,360
Total:\$15,000.....		\$3,360

(c) An analysis is listed below:

1. The estimated cost for labor was clear. However, the estimated cost of materiel was 12,600DM. Therefore, the ordering activity had to convert the DM to U.S. Dollars using the "budget rate." On the date the reimbursable order was accepted (1/10/90), the current rate was 1.5DM to \$1. Under normal conditions, the obligation for the materiel would have been \$8,400 (12,600DM divided by 1.5). However, because the ordering activity must record obligations at the budget rate, the obligation recorded was \$5,040.00 (12,600DM divided by 2.5). The accrued variance (\$3,360.00) would be reported against the foreign currency fluctuation CMA.

2. The performing organization scheduled the job and on March 13, 1990, and issued a purchase request to the local vendor for the materiel. The materiel was delivered on March 15 and the 12,600DM was purchased the same day at the rate of 1.0DM to \$1. The local vendor was paid. When the project was completed and delivery was made, the performing activity prepared a bill to the ordering activity as follows:

Labor	\$ 9,960.00
Material	12,600.00(12,600) @ 1. each)
Total	\$ 22,560.00

(d) Further discussion is as follows:

1. As requested earlier, after the performing activity advised the ordering activity that labor would be \$9,960 and that materiel would be purchased at a cost of approximately 12,600DM, the performing activity had fulfilled its responsibility for "notification" and therefore, had no further concern in the matter other than fulfilling the order. The fact that the performing activity submitted a bill for \$22,560 when the original order was only \$15,000 was a concern of the ordering activity.

2. In this case, there was a difference between the amount billed and the amount funded by the

reimbursable order which was \$7,560. This amount was the "realized variance" (\$22,560 Less \$15,000). The realized variance is the difference between unliquidated obligations at the budget rate and the current foreign currency exchange rate. In recording the amount billed, the ordering activity charged \$15,000 to the direct O&M program and \$7,560 (the realized variance) to the foreign currency fluctuation CMA. The performing activity was reimbursed \$22,560.00 as follows:

Appropriation(s) to be Credited Performing Activity Accounts.....	\$22,560
Appropriation(s) to be Charged Performing Activity Accounts.	
Operation and maintenance.....	\$15,000
Foreign Currency Fluctuation.....	\$7,560
<u>Total.....</u>	<u>\$22,560</u>

12-19 U.S. Army Procurement Appropriations (APA) customer programs

a. General

(1) The U.S. Army Procurement Appropriations (APA) finance the procurement and production of inventory type classified as end items.

(2) Customer orders are received from Military Assistance Program (MAP), Foreign Military Sales (FMS), other DoD elements (MIPRs), other Federal sources, other U.S. Army installation and approved public entities.

b. Order Acceptance

(1) The Customer Order Control Point (COCP) is responsible for the receipt of all customer orders. The COCP is also responsible for securing funded reimbursable authority (FRA) and obligational authority. The FRA and obligational authority requirements are requested and justified for the ensuing program year during the fourth quarter. These requirements are developed from outstanding FMS letters of offers, budget submissions of the other services and planning orders of other U.S. Government agencies.

(2) After receiving the order, the COCP forwards the order to the item/program manager for acceptance and determination of order classification as well as the applicable unfunded cost and surcharges.

(3) The order classification is determined by the current inventory position of the item. The applicable classification are:

(a) AM (Augmentation and modernization of U.S. Army inventory) - Orders in which the excess U. S. Army inventory is sold from stock to non-DoD customers and proceeds are reprogrammed to direct U.S. Army funds. Gross inventory is provided to DoD customers free of charge.

(b) CP (Customer peculiar item, sale from inventory) - Orders in which the item is peculiar to the customer and is procured for delivery to the customer.

(c) DC (Direct cite, sales from procurement) - Orders for which procurement directly cites the

customer funds on the obligation documents. Direct cite is the preferred method of acceptance.

(d) ES (Emergency support) - Orders which draw-down U. S. Army inventory in support of emergencies under the Foreign Assistance Act, Section 506(A).

(e) MR (Miscellaneous receipt) - Orders in which collections are required by law to be deposited into the General Fund of the U. S. Treasury. An example would be an FMS order issued from U.S. Army inventory that will not be replaced.

(f) RM (Replacement and modernization of U.S. Army inventory) - Orders in which the item is sold from stock and U. S. Army's inventory is later replenished through procurement of an improved version or acceptable substitute. Prior to classifying an order RM, forward proposed RM sale to HQDA for approval.

(g) RP (Retention of inventory, sales from procurement) - Orders in which the item is common to both, the customer and the U.S. Army, but not currently on available from the U. S. Army's inventory.

(h) RS (Retention of inventory, sale from stock) - Orders in which the item is sold from stock and U.S. Army's inventory is later replenished through procurement of like or identical items. The replacement must be authorized in the current Future Years Defense Program (FYDP) and cannot exceed the Authorized Acquisition Objective (AAO).

(i) UN (Unclassified)- Orders for which sufficient FRA is not available for establishing a valid APA reimbursable order (AM, CP, RM, RP, RS) or upward order adjustment.

(5) After acceptance and classification by the program manager, the order is returned to the COCP for action.

(a) For orders accepted into APA on a reimbursable basis (AM, CP, RM, RP, RS), the COCP will reserve FRA and provide obligation authority in the amount of the order through the Program Budget and Accounting System (PBAS).

(b) If there is insufficient FRA, the COCP will reclassify order as UN and enter into PBAS. Retain UN orders without action until they are either canceled, written down or FRA becomes available and the order can be reclassified. Customer orders identified on departmental reports as UN will justify requests for additional FRA.

(c) Orders in which the proceeds will be deposited into the General Fund of the U. S. Treasury will be accepted into a miscellaneous receipt account (See DA Pam 37-100-FY).

(d) Orders accepted as DC will perform work using the customer's funds (direct fund cite) and do not require accounting by the performer.

(e) The ES classification was established to support Section 506A of the Foreign Assistance Act. Materiel is supplied to a foreign customer in compliance with an Executive Order. This trans-action does not

constitute an authorized order. The sale and accounts receivable are not formalized until final disposition is directed by U.S. Congress. The title to the delivered materiel rests with the U. S. Government and will be classified officially as "Inventory Temporarily In Use". The U.S. Congress will either direct the write-off of the order or will authorize the sale. If the U.S. Congress authorizes the funds to finance the action, reclassify the order as RS in the year of the congressional action.

(6) The acceptance of the order is then returned to the customer. If order is accepted into APA, this acceptance obligates the customer's funds.

(7) A copy of the order and the acceptance and funding document are forwarded to the performing activity for execution.

(8) A copy of the order and the acceptance and funding document are also provided to the FAO/DAO for posting orders accepted in to the APA or the miscellaneous receipt account (See DA Pam 37-100-FY). All new orders will cite the current program year.

c. Execution of APA Reimbursable Orders

(1) RP and CP customer orders require procurement and will result in an obligation. As costs are incurred by the performer (disburse-ments), bill the customer.

(2) RS, AM and RM customer orders are supplied from stock. Bill customers at the negotiated order price. Only RS orders will result in obligations when the U. S. Army's inventory is replenished through procurement of a like or identical item. Available funds from the accepted order will control replacement procurement, not quantity provided. Funds for the replacement buy to AM and RM orders are secured through the conversion of FRA to direct program, U.S. Army. In order to convert FRA to direct program, a reprogramming action must be submitted to the Assistant Secretary of the Army Financial Management and Comptroller (ASA(FM&C)) for approval. Reprogramming action must be accomplished prior to fiscal year-end.

(3) The COCP will continue to follow-up with the performing activity to ensure customer orders are processed. Upon notification of excess funds, the order is amended. Return excess funds to the customer for CP and RP orders. Transfer excess funds to miscellaneous receipts for RS orders.

12-20. Use of DBOF-SMA

a. Retail divisions of the DBOF-SMA provide supply support to requiring activities within the local delivery area of their branch offices. All DBOF-SMA operations must cite DBOF-SMA funds when ordering both consumable and reparable materiel from commercial suppliers for the wholesale DBOF-SMA except as noted in paragraph 12-21, below. DBOF-SMA materiel includes--

(1) Non-standard end items of equipment having a standard unit price of less than \$15,000 and which are not centrally managed.

(2) Assemblies, spares, and repair parts which are reparable at depot level or below.

(3) Non-reparable spares and repair parts.

(4) Food, clothing, and petroleum products.

(5) Other reparable and non-reparable materiel, both stock and non-stocked.

b. In addition to the acquisition cost of DBOF-SMA items, the DBOF-SMA also finances the following costs:

(1) The costs of transporting throughout the world.

(2) Net, unreimbursed losses on incoming and outgoing shipments to DBOF-SMA elements; inventory losses resulting from shrinkage, theft, contamination, deterioration, damage, defective items, obsolescence, or adjustments to reconcile internal records; and expenses of correcting, preservation, packaging, or marking defects in shipments from commercial suppliers.

(3) Financing of reparable items (see paragraph 12-21).

(4) Funding for operating costs for DBOF-SMA activities (see paragraph 12-24).

c. Do not use the DBOF-SMA to finance the costs associated with--

(1) Changes in inventory valuation due to standard price changes.

(2) Purchase price variances unrelated to quantity variances.

(3) Abnormal losses, such as those caused by major disasters.

(4) Minor, in-storage repair expenses and other costs of supply administration (charged to appropriated funds).

(5) Repair expenses for other than minor, in-storage repairs, to the extent charged to appropriated funds.

12-21. Policy for reposables.

a. Financing The DBOF-SMA is authorized to finance the transportation, acquisition, overhaul, progressive maintenance, renovation, rework, repair, manufacture, reclamation, alteration, or software support of reparable items.

b. Standard Price Each reparable item will have a standard price based upon the last representative acquisition cost for the item plus a surcharge approved by the Office of the DoD Comptroller.

(1) Development of the standard price for reparable items, including the surcharge, will be developed consistent with the policies prescribed for DBOF-SMA items in Chapter 37.

(2) All sales of reparable items made without an exchange will be priced at standard price. Exchange arrangements for DBOF-SMA reposables are not authorized for customers outside the U.S. Government.

(3) All sales of DBOF-SMA reparable items to customers outside the U.S. Government will be priced according to Chapter 37.

c. Reparable exchange price The U. S. Army Materiel Command will determine the exchange price

for all reparable items by a homogeneous grouping such as national stock number (NSN), federal supply classification (FSC), subclassification, repair category, or materiel category. The reparable exchange price before the beginning of each fiscal year for each grouping and published for all customers.

(1) The reparable exchange price may consist of a percentage factor times the standard price.

(2) The reparable exchange price will remain constant throughout the execution fiscal year under the DBOF-SMA price stabilization policy.

(3) If the standard price is less than the reparable exchange price, make a review of the standard price and the reparable exchange price to validate their accuracy. If the standard price is less than the reparable exchange price because new items are not being acquired, adjust the standard price to equal the reparable exchange price plus the carcass value.

(4) Calculate the reparable exchange price based upon the stabilized repair cost for each grouping and adjusted by an exchange surcharge consisting of estimated carcass attrition costs and a factor for DBOF-SMA operating costs including transportation cost for issues of reparables and returns of carcasses from customers.

(5) Submit the exchange surcharge rates through the ODCSLOG (DALO-RMI) and the (DFAS-IN/PS) to the Office of the DoD Comptroller for approval.

d. Two price concept. For DBOF-SMA reparable items issued under an exchange arrangement with a U.S. Government funded customer at the estimated repair cost including an exchange surcharge--

(1) Charge the difference between the reparable exchange price and the current standard price to the customer if the carcass is not received within 120 days from the date of the notification of shipment (DIC FTM).

(2) If a carcass is received on an exchange basis and is not in a reparable condition (altered or misused), charge the customer for the difference between the reparable exchange price and the standard price.

(3) Customers outside the U.S. Government are not authorized to be charged a reparable exchange price. Charge these customers the cost of repair plus any DBOF-SMA operating costs according to Chapter 37.

(4) Until system changes can be made to achieve the two price concept, charge customers of the DBOF-SMA the standard price for all exchange issues and provide a credit for the difference between the standard price and the reparable exchange price at the time of the receipt of a reparable carcass.

e. Estimated carcass attrition costs Activities performing maintenance and repair missions on a carcass exchange basis incur attrition costs that must be included in a repair surcharge or included in the standard price surcharge. The attrition costs cover the cost of replacements for carcass washouts and losses.

(1) One type of attrition cost is carcass washouts which are carcasses that are repairable when inspected, but failed during the repair process and require replacement.

(2) Another attrition cost is the replacement cost for lost carcasses. Lost carcasses will be investigated and appropriate internal control procedures exercised to preclude future losses.

(3) Record the actual experience for carcass washouts and losses in separate subaccounts in the accounting records to determine the variance between the recoveries for carcasses washouts and losses and the actual attrition expenses.

f. Accounting for reparable exchanges Record the sale of serviceable items issued on an exchange basis at the reparable exchange price. Report the issue from inventory at the average acquisition cost.

(1) Record the carcass value of the carcass to be received from the customer to the appropriate general ledger account (see Chapter 4).

(2) When the carcass is received from the customer, record the carcass value to the appropriate general ledger account (see Chapter 4).

(3) When a serviceable item is returned from repair, recompute the average cost of the serviceable items on hand to include the carcass value and the repair cost for the item received from the repair facility. Implement this control process once the automated systems changes have been implemented.

g. Accounting for the value of unserviceable value unserviceable carcasses at carcass value (average acquisition cost less the reparable exchange price). In some cases DBOF-SMA managers may have on hand large quantities of unserviceable carcasses that are not planned for repair in the near future. The DBOF-SMA managers will estimate the disposal value of the carcasses and adjust the carcass value to the estimated disposal value.

12-22. Policy for drawings and technical data

a. Qualified items The DBOF-SMA will finance the procurement of drawings and technical data needed in support of design stable items previously stocked or currently procured by the DBOF-SMA. The DBOF-SMA can realize savings in the acquisition costs of DBOF-SMA items by the procurement of drawings and technical data needed to perform breakout and to promote competition. When funds are identified by the DBOF-SMA manager to procure the drawings and technical data, provide a reimbursable order funded by the procurement appropriation. The DBOF-SMA manager will approve all proposed procurement of drawings and technical data by the DBOF-SMA. The justification for the procurement of drawings and technical data must include anticipated savings from increased competition, improved quality standards, increased capability to evaluate the usefulness of existing items in the supply system, and an analysis of the stability of the design and the related technical requirements for the item.

b. *Costs.* The costs of the drawings, technical data, reverse engineering, and the breakout function for DBOF-SMA items are normally included in the operating costs for the DBOF-SMA and are recovered in the DBOF-SMA standard price. Identify the cost of drawings and technical data as a part of the acquisition cost of a specific item to be procured if it is determined more appropriate to charge these costs as a part of the cost of the item.

12-23. Policy for forgings, castings, and production molds

a. *Qualified items* The DBOF-SMA will procure forgings, castings, and production molds for use when appropriate during later procurement actions for DBOF-SMA items. The DBOF-SMA manager will approve all proposed procurement of forgings, castings, and unique production molds. The justification will include anticipated savings from lower production costs on subsequent procurement because of the U.S. Government provided property, reduced leadtimes, and increased competition. The justification also will include an analysis of the stability of the design and the related technical requirements for the item.

b. *Costs.* Determine the cost of forgings, castings, and production molds for each forging, casting, and mold at the time of acquisition.

(1) For each forging, casting, and mold, assign a stock number and recorded as an asset in an appropriate subaccount. (See Chapter 4)

(2) Record the cost of forgings and castings that are broken or lost as a current period operating expense.

c. *Use.* The DBOF-SMA manager will store, protect, and preserve forgings, castings, and production molds for use as government furnished materiel (GFM) and government provided property (GPP) on subsequent procurement. The availability of forgings, castings, and production molds should help in controlling the contract cost of future procurement of similar items.

(1) Use as government furnished materiel. Record the cost of forgings and castings of GFM as a part of the acquisition cost of the item that includes the forging and casting in its production.

(2) Use as government furnished equipment. Record the cost of forgings, castings, and molds provided to a contractor as GPP for use in the manufacturing of a DBOF-SMA item as equipment in the hands of contractors in an appropriate subaccount to the appropriate inventory general ledger account. (See Chapter 4) Hold the contractor accountable for the return of the items in good condition upon completion of the contract.

12-24. Funding operating costs for DBOF-SMA activities

a. *General* DBOF-SMA will fund all costs related to providing supplies and materials to customers, including management of supplies and materials,

acquiring and managing war reserves of DBOF-SMA supplies and materials incurred by Inventory Control Points (ICPs) and major supply depots. DBOF-SMA will not fund operating costs for supply activities below an ICP or major supply depot. DBOF-SMA will continue to fund inventory costs previously identified as costs funded by the DBOF-SMA. This policy provides visibility over the total DBOF-SMA operating costs and gives the DBOF-SMA manager the required data to make better supply decisions and obtain the desired operating efficiencies.

(1) *Operation and Maintenance, Army (OMA) relationships* To accommodate automated data system's constraints, change operating costs currently funded by OMA to that appropriation with funding provided on a reimbursable basis from the DBOF-SMA. The DBOF-SMA will reimburse OMA for operating costs incurred after the end of each quarter of the fiscal year. This quarterly reimbursement procedure permits the DBOF-SMA to accumulate receipts from sales to customers before reimbursing OMA. If it is more economical to have the DBOF-SMA directly pay for operating costs rather than OMA, change the DBOF-SMA automated system to pay directly for the operating costs. (For example, it would appear economical to have the DBOF-SMA pay directly for operating costs at installations that exist solely to operate an ICP or a depot for DBOF-SMA items. However, it may not be economical to have the DBOF-SMA pay for costs directly in those situations where the DBOF-SMA activity is simply one of many activities at an installation). When the DBOF-SMA system is changed to pay directly for the operating costs, cancel the reimbursable arrangement with OMA.

(2) *Army DBOF-Depot Maintenance, Army (DBOF-DMA) relationships* If a DBOF-DMA funded supply depot is reimbursed by the OMA for operating costs incurred in support of DBOF-DMA operations, take action to cancel the reimbursable arrangement with OMA. However, continue the reimbursable arrangement until the DBOF-DMA and DBOF-DMA systems and resources are available to provide for reimbursement of the DBOF-DMA by the DBOF-DMA. If it is more economical to have the DBOF-DMA directly pay for operating costs rather than the OMA, take action to change the DBOF-DMA automated system to pay directly for the operating costs.

b. *Funding of DBOF-SMA functions* The costs of functions to be funded by the DBOF-SMA include (but is not limited to) bin storage, breakout, bulk storage, cataloging, commodity management, development of materiel management ADP systems, disposal, inventory control, inventory accounting, packing, preserving, protection, quality control, issue, receiving, requirements computations, requisition processing, standardization, reverse engineering, security, standardization, stock control, testing, transportation, and warehousing. Also included are

support costs provided to the above functions which includes, but is not limited to, accounting, payroll, automated data processing, personnel, and all other base operations (BASOPS) support.

c. Elements of operating costs The elements of operating costs incurred by the DBOF-SMA includes all expenses normally funded by OMA. Military labor costs are also to be included. Record costs in the 6000 and 7000 series of general ledger accounts as described in Chapter 4. For current object classes, required by DoD, the DBOF-SMA will record and report separately for all costs directly paid by the DBOF-SMA. Record and report all costs reimbursed to other appropriations and funds as object class 25 (See DA Pam 37-100-FY). The costs include, but are not limited to: civilian labor, military labor, employee benefits, annual leave, travel, transportation, rent, communications, utilities, printing, reproduction, repair, maintenance, other purchased services, supplies, non-capitalized (expense) equipment, depreciation of equipment and real property, amortization of leasehold improvements, bad debts, interest, cost of goods sold, extraordinary items, gains, losses, and adjustments to inventory.

d. Exceptions Requirements funded by the Research, Development, Testing, and Evaluation (RDTE), APA (currently end items over \$50,000), and Military Construction (MILCON) Appropriations (currently projects over \$300,000) will continue to be funded by those accounts.

e. Headquarters, command and control organizations A DBOF-SMA activity that is funding its operating costs will share the costs of headquarters, command and control staffs located at the same installation as the DBOF-SMA activity. At an installation where a higher level headquarters or command is located with a DBOF-SMA activity, the DBOF-SMA will not share the costs of the higher level headquarters or command. DBOF-SMA will not fund the costs of headquarters, command and control organizational elements at levels above the installation level (ICP or supply depot), except for the following:

(1) When an operating function that is essential to the performance of the mission of the DBOF-SMA activity is performed at any centralized level.

(2) When the sole purpose of the headquarters command and control organization is to supervise the operations of the DBOF-SMA activities, that is, no activities funded by other appropriations or funds are included within the cognizance of the headquarters organization.

i. Funding for new clothing items The U.S. Army will budget for the costs of new bag items in the Military Personnel, Army (MPA) appropriation and the costs of new organizational items in OMA. Consider replacement item as a new item if the cost of a replacement item exceeds the cost of the old item by more than 10 percent in constant dollars. The budget request must be sufficient to fund the quantity of the

initial buy of the item and the establishment of wholesale inventory levels. Fund new clothing items required before receipt of appropriated funds in these same accounts by reprogramming action. Phase in new clothing items after the stocks of the replaced item are attrited. The new item will not be available for regular issue by the Defense Logistics Agency (DLA) until the stocks of the replace item are reduced to less than \$450,000. The wholesale activity will prepare a billing to make an expenditure transfer from the MPA and OMA appropriations to the wholesale DBOF-SMA for all new items of the initial buy, including the wholesale inventory levels (based upon the terms of the contract).

k. Military labor An DBOF-SMA activity that is funding all of its operating costs will record the cost of military labor used for the benefit of the DBOF-SMA activity. Policies and procedures for recording the costs of military labor will be published separately.

l. Depreciation and amortization A DBOF-SMA activity that is funding all of its operating costs will record the cost of depreciation and amortization on all capitalized real and personal property put into use after October 1, 1990 that is for the benefit of the DBOF-SMA activity. Policies and procedures for recording the costs of depreciation and amortization are in Chapters 17 and 18.

12-25. Multiple year contracts

a. General The DBOF-SMA is authorized to use multiple-year contracts to procure families of items from a single contractor. Multiple-year contracts enable the DBOF-SMA to take advantage of cost savings from "just in time" type inventory deliveries and reduces investment of resources in inventories and lead times. Evaluate all "sole source" items with a stable demand projection that are procured from a single contractor to determine if the items should be acquired using a multiple year contract. Evaluate other items having a large and stable demand projection that are procured from a single contractor to determine if the items should be acquired using a multiple year contract. Evaluate other items having a large and stable demand projection to determine if the items should be procured using a multiple year contract. The provisions for using multiple-year contracts do not limit current authorities to use indefinite delivery contracts as otherwise justified.

b. Purpose Multiple-year contracts provide for delivery terms that will permit the DBOF-SMA to limit stockage levels and lead times for items. Multiple-year contracts are normally written for a minimum of five years. Multiple-year contracts normally specify either guaranteed minimum quantities at predetermined prices or guaranteed minimum dollar amounts for all items or families of items on the contract. Another option is for the multiple-year contract to specify trade discount terms in relationship to published market prices.

c. Evaluation criteria Evaluate the process of deciding to use a multiple-year contract and how the multiple-year contract should be structured using the following criteria:

(1) *Benefit of U.S. Government* A multiple-year contract involves a greater risk to the U.S. Government and should yield substantial cost avoidance or other benefits when compared to annual contracting methods. Define savings in terms of estimated dollars or percentages.

(2) *Stability of requirement* Document the anticipated minimum quantity required over the life of the contract for each time period. Don't procure any items or families of items that may be anticipated to vary below a minimum dollar amount of demands throughout the life of the contract using a multiple-year contract.

(3) *Stable configuration* Candidate items will be technically mature with no anticipated changes in design.

(4) *Degree of cost confidence* A pricing history for the candidate items is required so both contract cost and anticipated cost avoidance calculations are supportable. Base estimates of the contract costs and cost avoidance on proven cost estimating techniques.

(5) *Degree of confidence in contractor capability* The potential contractor should have a record of performing up to U.S. Government specifications in terms of technical skills and financial soundness. Potential contractors need not have previously produced the specific items.

d. Approvals Total procurement under a single multiple-year contract will not exceed \$500 million. A termination liability under single contract will not exceed \$20 million. The Under Secretary of Defense (Comptroller) (USD(C)) will approve all proposed multiple year contracts exceeding \$100 million or \$10 million in estimated termination liability before awarding the contract.

e. Obligations The DBOF-SMA will obligate the minimum amount required for the period of the contract.

(1) If the contract provides for annual terms with options to extend the terms in subsequent years, obligate for the amount required to be procured by the U.S. Government in the first year. Record the obligation for each option year when the option is exercised.

(2) If the contract provides for minimum quantities over a period of more than one year, record the obligation for the sum of the minimum quantities times the agreed price. If the contract provides for minimum dollar amounts for more than one year, record the obligation for the sum of the minimum dollar amounts.

(3) Estimate termination costs at least annually for contracts extending for more than one year. Record the obligation for the sum of the guaranteed minimum quantities or amounts unless the sum of

the incurred cost and the estimated termination costs are determined to be a lesser amount. In that event, obligate the lesser amount of the incurred cost plus the estimated termination costs.

f. Cost of items The cost of items procured by multiple year contracts will be the cost paid for each item. If termination costs are incurred or if minimum guaranteed amounts are not met for items procured, record the additional costs paid under the terms of the contract as DBOF-SMA operating costs for "other purchased services" rather than the acquisition cost of specific items procured.

12-26. Return of items to the DBOF-SMA

a. Credits Grant credits to customers for items returned to the DBOF-SMA under certain conditions. 10 U.S.C. 22) states: "The appraised value of supplies returned to working capital funds by a department, activity, or agency may be charged to that fund. The proceeds will be credited to current applicable appropriations and are available for expenditure for the same purposes that those appropriations are so available. Credits may not be made to appropriations under this subsection as a result of capitalization of inventories".

b. Exclusion A customer outside the U.S. Government may not return an item to the DBOF-SMA for credit. However, the DBOF-SMA may buy the item back from the customer as described in Chapter 37.

c. Credit policy The current materiel returns policy will not cover the DBOF-SMA operating costs incurred to receive, classify, store, issue, and transport returns from customers.

(1) *Credit policy for return of a serviceable consumable item* DBOF-SMA will grant credit to a U.S. Government funded customer for the return of a fully serviceable consumable item in the amount of the current standard price less the current DBOF-SMA surcharge for the return of a fully serviceable item, when the item is within the Approved Force Acquisition Objective (AFAO). Returning items to stratify war reserve requirements does not qualify for credit.

(2) *Credit policy for return of a serviceable repairable item* The DBOF-SMA will grant credit for the return of a fully serviceable repairable item in the amount of the current standard price, less the current DBOF-SMA surcharge (including estimated carcass attrition costs), for the return of a fully serviceable item, when the item is within the AFAO. Returning items to stratify war reserve requirements does not qualify for credit.

(3) *Credit policy for return of unserviceable carcasses without an exchange* The DBOF-SMA will grant credit for the return of a repairable carcass from a U.S. Government funded customer without an exchange in the amount of the carcass value, if the DBOF-SMA forecasts a need for the carcass within the AFAO.

(4) *Credits applied toward future requirements*
Apply credits granted against future customer demands for items or apply credits directly to the current year available funds of the customer.

12-27. Bypass of the local DBOF-SMA

Supported activities may bypass the local branch office and place their orders for items not supplied by wholesale DBOF-SMA elements or stocked by the branch office directly with local commercial suppliers only with the expressed written authorization of the Office of the Deputy Chief of Staff for Logistics (ODCSLOG), HQDA. Submit requests for authority to bypass the local DBOF-SMA to ODCSLOG, ATTN: DALO-RMI, Washington, D.C. 20310-0533.

12-28. Reimbursement for disaster relief operations

a. General

(1) Generally, costs associated with disaster relief operations, over the U.S. Army's normal operating expenses are repaid by the agencies requesting military assistance during a disaster. When a commander furnishes military assistance during an imminent serious condition (see AR 500-60, Disaster relief Operations) follow "automatic" reimbursement procedures.

(2) Acceptance of a request for assistance from civil authorities or recognized disaster relief agencies (see AR 500-60) authorizes the commander to establish a reimbursable order based on estimated costs or reimbursable work and services to be furnished. The installation program or activity director will make this estimate. The local FAO/DAO will accept this estimate as a firm order. **(NOTE: Normal order issuing procedures do not apply)**

(3) In situations where a serious emergency or disaster is imminent (see AR 500-60), do not delay support pending receipt of a reimbursable order from the requester.

(4) The Commanding General, Forces Command (FORSCOM) has been delegated the authority of the DoD Executive Agent for conducting disaster relief in CONUS. CONUS U.S. Army commanders taking part in disaster relief activities must advise the Commanding General, FORSCOM, of the estimated costs of relief activities. The Commanding General, FORSCOM, notifies the DASA(AB).

(5) When funds are allocated from a special appropriation for disaster relief, the U.S. Army command must ensure that all direct expenses for disaster relief are charged to this special appropriation. (Charges reimbursed by the American National Red Cross (ANRC) are excluded.) Use funds from the special appropriation to reimburse the regular U.S. Army appropriations originally charged for supplies, materiel, or services.

(6) Do not expend funds as direct financial assistance to organizations or individuals.

(7) Disaster relief provided by the U.S. Army Corps of Engineers at the request of the Federal Emergency Management Agency (FEMA) is a Civil Works function. The USACE will use Civil Works funds to reimburse military appropriations paying for military support in a disaster recovery.

(8) Transfer excess personal property without reimbursement (except for property under the control of a working capital fund).

(9) At the request of FEMA, the Secretary of the Army (or designated representative) may loan non-surplus stocks for use in disaster relief. Return stocks immediately after the disaster ends.

(10) Reimburse title transfers of property from working capital funds according to DBOF-SMA procedures.

(11) Apply the value of supplies and equipment returned to the U.S. Army during or after a disaster as a credit to accounts receivable or inventory in use (the account charged upon issue).

b. Disaster other than a major disaster or emergency

(1) Reimburse for support furnished in imminent serious conditions (AR 500-60) according to the procedures of the individual service. Each service will bill the recipient of military assistance directly (except for ANRC).

(2) CONUS commanders will negotiate agreements with the local U.S. Navy, U.S. Air Force, and other DoD components detailing procedures to process requests for reimbursement through the CONUS U.S. Army Commander to the ANRC.

c. Reimbursable expenses Military expenses for furnishing disaster relief above normal operating expenses include the following:

(1) Pay for civilian personnel temporarily hired for the disaster relief without regard to Civil Service Laws and the Classification Act of 1923, as amended.

(2) Overtime pay to civilian personnel.

(3) Travel and per diem expenses to U.S. Army personnel (military and civilian).

(4) Replacement cost of consumable supply items requisitioned for issue to civilian disaster refugees, at standard price if available.

(5) Transportation of personnel, supplies, and equipment.

(6) Port (air, ocean, inland-waterway) loading, off-loading, and handling costs.

(7) Cost to repair or recondition nonconsumable items returned.

(8) Replacement cost of supplies and equipment furnished and not returned.

(9) Replacement cost of repair parts used to repair end items located at the disaster areas at stated price. (Excluded are depot or field maintenance on a time-compliance basis.)

(10) Cost to pack and crate supplies and equipment.

(11) Cost of petroleum, oils, and lubricants (POL) (including aviation POL).

(12) Cost to replace supplies and equipment lost, destroyed, or damaged beyond economical repair. (NOTE: As determined by report of survey, U.S. Army aircraft, motor vehicles, and watercraft are excluded from this cost).

(13) Cost of aircraft flight hours based on flying-hour rates current at the time support was provided.

(14) Costs of any major rehabilitation or modification of military real property or restoration of property if FEMA asked to use such property and the property was altered to the extent that the U.S. Army has no future use for it.

d. Non-reimbursable expenses The following expenses are considered normal operating expenses of the U.S. Army and are not reimbursable.

(1) Regular pay and allowances of U.S. Army personnel (except travel and per diem costs).

(2) Administrative overhead costs. (Does not apply to USACE activities.)

(3) Annual and sick leave, retirement, and other military or civilian benefits. (Does not apply to DBOF-SMA and USACE activities.)

(4) Cost of telephone, telegram, or other electrical transmission used to requisition items in a disaster area or to replenish depot stocks.

(5) Charges for the use of U.S. Army motor vehicles or watercraft (except POL and per diem costs).

(6) U.S. Army aircraft, motor vehicles, or watercraft damaged, lost, destroyed, or abandoned. (See AR 95-1 (Army Aviation Flight Regulation), for the use of U.S. Army aviation in disaster search and rescue operations.)

e. Reimbursement Procedures

(1) The U.S. Army will bill FEMA when costs incurred in a major disaster or emergency exceed normal operating expenses. Submit bill for reimbursement for amounts over \$1000 at any time. Submit bills quarterly for lesser amounts.

(2) Submit final bills within 90 days of completing the requested assistance. The request for repayment must include sufficient detail to identify and segregate the following:

(a) Personal services.

(b) Travel and per diem.

(c) All other expenses, including emergency aid furnished at the request of FEMA before a major disaster or emergency is declared.

(3) Waive the reimbursement if the total value of unbilled transactions is less than \$100 at the end of a calendar quarter (NOTE: Does not apply to DBOF-SMA/USACE Civil Works).

(4) Submit requests for FEMA reimbursement to the FEMA Regional Director originating the assistance request. Cite the authority under which the assistance was provided, the State and location where the work was performed, and the disaster identification number.

(5) CONUS commanders will forward disaster relief costs to be reimbursed by the ANRC to the DFAS-Indianapolis Center, ATTN: DASA-IN, Dept. 3200, 8899 East 56th Street Indianapolis, Indiana 46249-1440. Include two copies of supporting shipping documents received from installations and DoD components with billing documents. Show items issued, services furnished, total cost, and related information. DFAS-IN will collect costs from the ANRC. DFAS-IN will send a copy of the collection voucher to the submitting installation.

(6) Other services providing disaster support will request reimbursement through the CONUS U.S. Army commander. The CONUS U.S. Army commander will bill the FEMA Regional office, reimbursing the other military services after costs are collected. Deposit proceeds to the Deposit Fund Account (21X6875) (See DA Pam 37-100-FY).

f. Foreign Disaster Relief

(1) Overseas commanders may authorize funds up to \$25,000 to meet a request for disaster relief from the Department of State or the Chief of the Diplomatic Mission. If the estimated cost exceeds \$25,000 the U.S. Army elements can conduct relief operations only if approved by the Assistant Secretary of Defense (International Security Office), ASD(ISA) Coordinator for Foreign Disaster Relief, through funding channels.

(2) Determine costs eligible for reimbursement as follows:

(a) Materiels, supplies, and equipment from stock are priced at standard prices. Add accessorial charges for packing, crating, handling and shipping.

(b) Materiel, supplies, and equipment excess to the U.S. Army are supplied without reimbursement. Add accessorial charges for packing, crating, handling and shipping.

(c) Price services furnished by DBOF-SMA activities to recover direct and indirect costs.

(d) Price personal services at rates to recover actual salaries of civilian personnel, plus the prescribed DoD percentage allowed for holidays, leave, and other fringe benefits. Use actual per diem, travel and subsistence expenses for civilian and military personnel.

(e) Services not covered above are priced by mutual agreement. Prices for services will be at the same rates the U.S. Army would charge other U.S. Government agencies for like services if rates are available; otherwise price at full reimbursement.

(3) Send billings to the appropriate Department of State Diplomatic Mission or the office requesting disaster relief. Forward all bills for payment within 90 days after disaster relief ends. Mark each request for reimbursement: "FOREIGN DISASTER RELIEF-(COUNTRY)-(DATE AND TYPE OF DISASTER)".

12-29. Reimbursement of military personnel cost at DBOF activities

a. DBOF-SMA will reimburse the MPA for the budgeted amount of military personnel costs. The amount of the reimbursement is based on budgeted amounts determined by HQDA. The DBOF-SMA will establish reimbursable orders with the MPA based on the budget guidance.

b. Accumulate and allocate military personnel costs (basic pay and retirement plus allowances, incentive pay, and special pay) determined through the military composite pay rates to customer orders through the labor distribution system. The DBOF-DMA stabilized rate billings will include a factor sufficient to reimburse the DBOF-DMA for the estimated military personnel costs, in addition to the other funded costs.

c. DBOF will absorb (Loss) or retain (Gain) any difference between the amount billed to DBOF customers and the amount reimbursed to MPA.

12-30. Reimbursement for civil disturbances

a. General

(1) DFAS-IN, as the DoD executive agent, will accumulate costs incurred by DoD components separately for each location (city or town) at which an incident occurs, from the time the first action is taken to provide DoD resources until such resources are withdrawn.

(2) Provisions herein apply to all U.S. Army activities responsible for the military resources which may be employed in civil disturbances.

(3) Finance the costs of U.S. Army resources employed or provided in connection with civil disturbance operations in accordance with the guidelines provided in paragraphs b through d below.

b. Resources employed under a Presidential Directive For an executive order or other Presidential Directive authorizing and directing the Secretary of Defense to provide for the restoration of law and order in a specific state or locality, finance expenses as follows:

(1) *Employment of active U.S. Army military forces* When the Presidential Directive specifies the fund or appropriation for financing the expenses incurred, reimbursement to DoD appropriations will be in accordance with the provisions of that directive. This includes expenses incurred in repositioning resources prior to the issuance of the Presidential Directive. When the Presidential Directive does not specify the fund or appropriation, finance expenses incurred as follows:

(a) Finance costs for travel and transportation (except commercial or Air Mobility Command flights), communications, supplies, and other operating costs from the appropriations of the military service sponsoring the movement of troops, and/or providing the U.S. Government owned transportation.

(b) Finance costs for commercial or Air Mobility Command airlift from U.S. Army appropriations

under the Secretary of the Army's responsibilities as the DoD executive agent.

(c) Finance costs of military pay, allowances, subsistence, and other costs to military personnel appropriations of military personnel on active duty by the respective parent military department.

(2) Employment of U.S. Reserve component forces called to active duty. The policies set forth in subparagraphs b(1) (a) and (b), above, apply. Finance U.S. Reserve forces called to active duty by the respective parent military department. In the event that the President of the United States determines that it is necessary to increase the number of military personnel on active duty beyond the number for which funds are provided in the current DoD Appropriation Act, the cost of such increased military personnel is authorized as an accepted expense in accordance with the provisions of 41 U.S.C 3732, (see section 613(c), general provision of DoD Appropriation Act, 1970, (Public Law 91-171) or similar annual provisions).

c. Resources employed without Presidential Directive. When the immediate employment of military resources is required in cases of sudden and unexpected civil disturbances or other emergencies endangering life or Federal property or disrupting the normal process of U.S. Government, or in protecting life or Federal property or preventing the disruption of Federal activities, expenses incurred will be financed as a mission responsibility of the DoD component employing the military resources. The policies set forth in subparagraph b(1) above, apply except that the use of commercial or Air Mobility Command airlift will be financed from the appropriations of the military service sponsoring the movement of troops.

d. Resources provided to other Federal agencies Supplies, equipment, and services provided to other Federal agencies will be on a reimbursable basis.

e. Resources provided to civil authorities Loan or sale of military equipment to civil authorities will be handled as follows:

(1) Loan or sale of equipment other than sale of surplus military equipment. Policies will follow the guidance in DoD Directive 3025.12 (Employment of Military Resources in the Event of Civil Disturbance).

(2) Sale of surplus military equipment. Policies set forth in DoD Instruction 4160-21-M (Defense Disposal Manual) will apply.

f. Reporting requirements DFAS-IN/AM will issue reporting requirements for civil disturbances as required.

12-31. Reimbursements for Support of Contingency Operations Under the Foreign Assistance Act

a. This paragraph provides financial procedures related to Department of Defense (DoD) activities supporting peacekeeping, humanitarian assistance, noncombatant evacuation operations (NEO), and international disaster relief efforts. For additional

guidance, refer to the DoD Financial Management Regulation Vol 12, chapter 23 and appropriate supplemental guidance issued by the DFAS Denver Center (DFAS-DE/I).

b. DoD policy requires that controls, accounting systems, and procedures provide proper identification and recording of costs in financial records to include the base costs, incremental costs, and total costs incurred in supporting contingency operations. For operations, available records must also support bill development, and distribution of reimbursements to the applicable organization.

c. DFAS-DE is the DoD executive agent for central accounting and billing for MILDEPs support of contingency operations in accordance with Sections 607 and 632 of the Foreign Assistance Act. DFAS-DE is responsible for centralized cost consolidation, billing, and reimbursement distribution activities in support of contingency operations. DFAS-DE will assist the operating activities, as required, in the identification and accumulation of costs. For cost consolidation at the DoD level, the DFAS-DE will prepare a monthly status report, by operation, appropriation, and appropriate DoD Component, as applicable, consolidating the certified cost reports submitted by the DoD Components.

d. Funding responsibilities. The LoA is not considered a funded order, and the United Nations (UN) does not provide an advance of funds for the value of the request. Therefore, the operating activity does not receive any additional obligation authority to accomplish the order. The appropriate action office in the DoD Component accomplishes the action using existing funds and requests reimbursement as described in this paragraph.

(1) Contingency operations, by definition, have not been included in the U.S. Army funding plans. Financial resources, therefore, are not identified as being specifically available for these operations in the annual budget request. The Service Components of the Unified and Specified Commands will collect incremental and total costs, and report these to the Service Comptroller. To the extent that financing has not been provided for a contingency operation, the Department will pursue additional funding required to ensure readiness of U.S. forces is not reduced by participation in the operation.

(2) Comptrollers of the Unified Commands are responsible for ensuring that financial data reflecting costs incurred in support of contingency operations are reported accurately and in a timely manner through their Service components using the codes included in the operations order.

(3) All requests to the U.S. Transportation Command for transportation services will include a funding source. If the U.S. Transportation Command receives a valid order directing action without a funding source, the parent Service of the subordinate command incurring the cost will provide funding.

e. Cost Collection

(1) With the notification from the Joint Staff of the initiation of a contingency operation, DFAS-IN will establish appropriate cost identification codes for that operation to capture all related costs.

(2) Each organization supporting a contingency operation will capture related obligations and disbursements in its accounting systems(s) at the lowest possible level of the organization. This provides tracking of obligations and disbursements for any affected appropriation.

(3) Costs may be incurred not only in the Area of Responsibility (AOR), but in other locations as well. It is the responsibility of the organization incurring cost in support of the operation, directly or indirectly, to ensure information on all costs is transmitted to the appropriate DoD component Comptroller.

(4) Do not establish cost accounting systems solely for the purpose of determining cost for contingency operations, use the data obtained from existing systems, as applicable. The Comptroller will determine the total and incremental costs.

f. Cost Reporting

(1) Operating activities will submit cost reports to DFAS-DE not later than 30 days following the end of the month in which the cost occurs. Submit reports with all supporting documentation for reimbursement to DFAS-DE/IB, 6760 E. Irvington Place, Denver, CO, 90279-2000; FAX Communication is 303-676-6349/7369, DSN 926-6349/7369.

(2) Operating activities will submit cost data, by individual operation, in accordance with prescribed formats issued by the DoD (C).

(3) The operating activities cost reports will include all transportation costs (common user/Service/Agency unique) that are collected in the accounting/cost system. The operating activities will reimburse UNSTRANSCOM (DBOF-T) for costs and separately reflect such costs in their reports.

(4) DFAS-DE will consolidate the cost reports provided by the operating activities and provide reports to the DoD (C), OUSD(P), OUSD(P&R), the Joint Staff, and the reporting Components no later than 15 days after receipt from the DoD Components.

g. Determining Cost. Use the following guidelines to determine the baseline and incremental costs for contingency operations:

(1) Baseline Costs. Baseline costs are the continuing annual costs of the U.S. Army operations funded by the operation and maintenance, and military personnel appropriations. Essentially, those costs that would be incurred whether or not an operation took place, i.e., programmed and budgeted costs. For example, scheduled flying hours, steaming days, training days, exercises, etc.

(2) Incremental Costs. Incremental costs are additional costs to the U.S. Army appropriations that would not have been incurred if the operation had not been supported. The following are examples of allowable incremental costs:

(a) Military entitlements such as premium pay, hazardous duty pay, family separation allowance, or other payments made over and above the normal monthly payroll costs;

(b) Increases in the amount of allowances due to changes in geographic assignment area due to a contingency (i.e., BAS or BAQ);

(c) Travel and per diem of active duty military personnel and costs of reserve components called to active duty by a Federal official, who are assigned solely to support the contingency;

(d) Overtime, travel and per diem of permanent DoD civilian personnel in support of a contingency;

(e) Wages, travel, and per diem of temporary DoD civilian personnel hired or assigned solely to perform services supporting the operation;

(f) Transportation costs of moving personnel, material, equipment, and supplies to the contingency or contingency staging area, including such things as port handling charges, packing, crating & handling (P,C&H), first and second destination charges, etc.;

(g) Cost of rents, communications and utilities that are attributable to the contingency. Telephone service, computer time, satellite time and crypto-traffic support of the contingency are examples of such incremental costs;

(h) Cost of work, services, training, and material procured under contract for the specific purpose of providing assistance;

(i) Cost of material, equipment and supplies from regular stocks used in providing directed assistance. Price material, equipment and supplies from stock at the standard prices that are used for issues to the DoD activities. Include in this category consumables such as field rations, medical supplies, office supplies, chemicals, cleaning and toilet supplies, ammunition, petroleum, and items ordinarily consumed or expended within one year after they are put into use. Material, equipment and supplies determined to be excess to the DoD will be available for transfer under excess property disposal authority, without reimbursement. Where applicable, operating activities will charge accessorial charges for packing, crating, handling, and transportation for these transfers;

(j) Service specific costs for increased OPTEMPO, such as steaming costing for the Navy, require individual determinations.

(k) Replacement costs of attrition losses directly attributable to support of the operation;

(l) That portion of equipment overhaul and maintenance costs when computed on a fractional use basis when the additive cost attributable to the contingency can be identified; and

(m) Costs incurred which are paid from trust, revolving, or other funds, and whose reimbursement is required.

h. Defense Business Operation Fund (DBOF) Support

All DBOF business areas operate on a reimbursable basis with users paying for goods and services provided. DBOF standard prices for products, and stabilized rates for services are established to break even. The specific policies for obtaining DBOF business area support for contingency operations and humanitarian efforts are:

(1) Purchasers of DBOF products, or users of DBOF services are to reimburse the providing DBOF business entity.

(2) Military department headquarters are responsible for determining the level within their military department that will pay the DBOF for products or services received and designating an office to make payments of all amounts due. operating activities will ensure all orders for products or services are structure so proper billings are made to the designated paying office. Military departments may direct billings to a centralized location to facilitate processing.

(3) Operating activities will not accept orders for DBOF products or services in support of contingency operations or humanitarian efforts without funding.

(4) When an authorized DoD component tasks a service funded unit to perform a mission, the parent military department that owns the equipment or personnel is responsible for payment of DBOF support costs incurred to accomplish the mission.

(5) A specific exception is provided for instances where a Joint Chiefs of Staff order directs the Commander in Chief, U.S. Transportation Command to transport non-us owned equipment, or non-us personnel. Under such conditions, the Army will pay for military traffic management command costs incurred, the Navy will pay for Military Sealift Command costs incurred, and the Air Force will pay for Air Mobility Command costs incurred.

(6) Obligations must be established on the military department financial records of the funds responsible for payment of DBOF billings.

(7) Operating activities will provide a military interdepartmental purchase request (MIPR) to advance funds to the FMS trust fund at the DFAS-Denver center (DFAS-DE/IBI) when the furnished product or service is directed through foreign military sales (FMS) channels. Normal operating procedures for the FMS trust fund then apply. The military department, through a supporting Defense Accounting Office, may draw direct cite obligational authority from the FMS trust fund to execute the order to the DBOF activity. Following performance, billings from the DBOF are reimbursed against the FMS case funds. Operating activities will reimburse DFAS-DE/IBI against the advance funding (the MIPR) as cash deposits are made by the FMS customer or international organization.

(8) Billings to reimburse the DBOF appropriation will be forwarded to the designated paying office of each military department no later than 30 days from the performance against the order for articles or

services delivered under the contingency operation or humanitarian effort. Activities are required to pay all non-interfund billings received within 30 calendar days of the billing date.

(9) In addition, reimbursement to the appropriations of the military departments can occur if specifically authorized by congress. Authorized billings seeking reimbursement to appropriations for articles or services provided to the united nations will be forwarded to DFAS-DE not later than 30 days following the end of the month in which the cost occurs.

(10) If appropriations have not been reimbursed within 180 days of the end of the fiscal year in which deliveries were made, the appropriations will absorb the charges. Operating activities will deposit reimbursements received after that period to the Miscellaneous Receipts account 3041.

(11) This guidance does not address any contingency operation designated by the Secretary of Defense as a "National Contingency Operation" under the provisions of 10 U.S.C. Section 127. Special rules apply for such an operation, and we will separately issue guidance under the provisions of that section.

i. Cost Offsets. In some instances, cost for which funds have been appropriated may not be incurred as a result of a contingency operations. Examples include: Basic Allowance for Subsistence not paid; training not conducted; and base operations support not provided. Reported incremental costs should be adjusted for cost offsets.

j. Leases. The Defense Security Assistance Agency will manage the leases of major end items. Develop leases in accordance with the Security Assistance Management Manual (SAMM) chapter 12 which is governed by the Arms Export Control Act.

k. UN Letter of Assist Costs (UN Determined Costs). The UN will reimburse for costs specifically identifiable to a UN issued Letter of Assist (LoA) authorizing the provision of goods or services to UN peacekeeping forces. An LoA typically details specific goods, supplies, equipment or assistance to be provided by the contributing government and establishes a funding limit that cannot be exceeded for that specific LoA. The UN will reimburse personnel costs at standard rates established by the General Assembly in respect to pay and allowances; supplementary payment for specialists; usage factor for personal clothing, gear and equipment; and personal weaponry, including ammunition. The UN will reimburse participating countries without a specific request for payment. Reimbursement is based on the monthly average number of personnel in the theater of operations as reported to the UN headquarters by in-theater UN personnel. The State Department receives notification from the UN of a pending reimbursement. Prior to reimbursement by the UN, State provides this information to the OUSD(P), along with the operation(s), time covered,

and number of troop months allowed by the UN. OUSD(P) validates the UN estimate, and provide directions to the UN through the State Department regarding disposition of the reimbursement.

l. Non Letters of Assist Costs(U.S. Invoiced Costs). US invoiced costs are the costs of US funded support and assistance, approved by the UN for peacekeeping missions for which reimbursement is requested from the UN. Support and assistance approved by the UN are outlined in the Aide Memoire or covered by a specific UN issued Letter of Assist (LoA). Augmentation of support or assistance activities above the level approved by the UN will not be reimbursed by the UN. The following categories are usually covered under the Aide Memoire. And operating activities may submit the following costs for reimbursement:

(1) Predeployment. Preparation of personnel and equipment for deployment is the responsibility of the contributing country and will include all preparation costs involved to get the personnel/equipment to the point of embarkation. Reimbursement of these expenses requires certification that detailed documentation is available in the responsible units to validate and substantiate the request for reimbursement.

(2) Deployment/Redeployment. Transportation to and from the mission area will normally be by air or sealift as required. Normally, the UN will organize all deployments and redeployments. However, these activities may be organized by the troop contributing government but the arrangements must be agreed upon by the UN in advance. All transportation provided by the U.S. Army, must be coordinated and approved by the UN. The UN will base its reimbursement on the US request but the reimbursement will not exceed the amount it would have cost the UN to organize the move.

(3) Self-Sufficiency Period. Each contingent force must be self sufficient in theater until UN operations and control is sufficiently established to provide sustainment. All deployed military units should be self-sufficient in rations, water and POL for 30 days, and other classes of supplies for a minimum of the first 60 days after deployment. This period may be extended if the UN is unable to provide the subsistence items within the expected time. The UN will reimburse the normal and agreed-to costs incurred during the self-sufficiency period based upon agreed-to usage rates or invoiced costs. Reimbursement of these expenses requires certification that detailed documentation is available in the responsible units to validate and substantiate the request for reimbursement.

(4) Rotation. The UN will reimburse for normal troop rotation (personnel and their personal gear up to 45 kg's) on a six-month basis with unit rotation normally arranged by the UN by chartered commercial aircraft after international bidding. The UN will not reimburse the rotation of unit equipment.

Reimbursement of these expenses requires certification that detailed documentation is available in the responsible units to validate and substantiate the request for reimbursement.

(5) Sustainment Costs. The UN will provide and fund all support for the sustainment of operations beyond the self-sufficiency. The UN will furnish the required support either through direct contract provisioning of the support, or by negotiating with the contributing country to provide the support under coverage of an LoA. Sustainment costs for UN sanctioned and approved equipment, personnel, and related OPTEMPO are usually recoverable from the UN through the Letters of Assist (LoA) process. At the end of the self-sufficiency period, the UN generally will provide for the supply of food, water, and POL in accordance with the "UN Ration Scale" which may be modified as agreeable. For vehicles and equipment, the UN will reimburse for the costs of operation, maintenance, and spare parts as agreed to by the UN and provided for through the LoA process. All SF 1080's must provide adequate documentation for accountability and certification.

(6) Vehicle Use Cost Reimbursement. The UN will base reimbursement for all authorized equipment on the depletion in value of that equipment while in the use of the UN and will take into account the age and condition at time of entry into UN service, normal life expectancy, total period actually used by the UN, and condition upon repatriation. This valuation is based on the In/Out-Survey process.

(7) Major Equipment Items. For major equipment items (aircraft, vehicles, and equipment), the UN will reimburse the costs of operation, maintenance, spare parts, repairs, overhaul, and depreciation at a standard hourly or mileage rate covering a maximum number of hours or miles per month for each type of equipment. The specific allowances must be negotiated with, and agreed to by, the UN and provided for through the LoA process. To the extent some classes of items normally covered in the standard rate are supplied by the UN, (i.e. POL) or are to be accounted for under separate LoA (i.e. spares), the standard rate structure will be modified to allow for such exceptions. All bills must provide adequate documentation for accountability and certification.

(8) In-Survey Process. To determine its liability for reimbursement for Contingent Owned Equipment (COE), the UN requires a schedule of inventory showing the value of each item deployed to a mission area by respective contributing states. The In-Survey schedule, prepared prior to deployment, provides details of all vehicles, stores, and equipment deployed. Upon arrival in the Mission Area, a representative of the UN Field Operations Division (FOD) will check all COE against that listed in the In-Survey document. Upon completion of the inventory, the In-Survey becomes the prime document used for accounting for COE in the

mission area and for assessing UN liability. Failure to compile the In-Survey will result in considerable delays in receiving reimbursement.

(9) Out-Survey Process. The In-Survey document is maintained for the duration of a contingent's deployment with adjustments being made as COE issues and receipts are posted. The In-Survey is also adjusted to reflect progressive write-offs of stores and equipment as they occur. At the time a contingent is to redeploy an inspection of all COE is again conducted by a representative of FOD. At this time the Out-Survey columns of the In/Out-Survey document are completed and the condition of the equipment is recorded. This document, now showing the status of the equipment and stores upon arrival in, and departure from, the mission area forms the basis for the contingent's consumption and depreciation claims on the UN for reimbursement. Provide copies of certified In/Out-Survey documents to the by the UN Chief Administrative Officer (CAO) in-theater.

m. Billing. The operating activities determine their billable incremental cost. Billable incremental costs will be less than the full incremental cost when the performing agency has determined to supplement or enhance their support beyond the level agreed to by the requesting organization.

(1) Only billable costs are submitted to applicable agencies or international organizations in accordance with the provision of Sections 607 and 632 of the Foreign Assistance Act, applicable U.S. Laws, and requirements of the organization being billed. The billing information provided by the operating activity will include sufficient supporting documentation to satisfy the payee of the validity of the charge. Operating activities will include a detail lists of transactions supporting the amount billed with each bill rendered. When required by the billed organization, operating activities will consolidate and include supporting documentations such as receipts, invoices, copies of requisitions, approved by the organization supported (i.e., UN, State Department, or other) with each bill.

(2). DFAS-DE will consolidate the bills from the DoD Components for monthly transmittal to the UN or other organizations, as required, and distribute receipts to the DoD components that incurred cost. In addition, DFAS-DE will prepare a monthly status report on amounts billed and reimbursements received for each applicable peace operation. DFAS-DE will provide copies of the monthly cost and billing status reports to the offices of the Under Secretary of Defense for Policy (OUSD(P)), Under Secretary of Defense for Personnel and Readiness (OUSD(P&R)), (ODoD(C)), and The Joint Staff (J-8).

n. Reimbursement

(1) UN Process. The UN will reimburse contributing countries for the costs of their activities in accordance with its standard procedures as covered in the UN guidelines to contributing Governments,

Aide-Memoires to agreement, Notes Verbale, and specific and general Letters of Assist. The UN must approve all elements of national contributions and the extent of reimbursement prior to an actual deployment, if possible. Only expenditures in support of an operation approved by the Security Council and authorized by the General Assembly as a legitimate charge to the UN is eligible for reimbursement. Costs related to deployment and sustaniment of forces and equipment, and rotation of personnel (but not equipment) of contributing countries, based on prior agreement with the UN, are eligible for reimbursement by the UN through UN standing procedures. When calculating cost which may be charge to the UN, it is the general practice to only seek recovery of incremental costs born by the contributing country. Financial responsibilities will normally be included as part of the Agreement between the contributing countries and the UN and will include the details of the financial responsibilities of each party. The U.S. position is normally negotiated by the DoD and the Department of State.

(2) Noncombatant Evacuation Operations (NEO). Requests for DoD assistance to evacuate U.S. citizens and designated aliens from abroad may be provided by the President, the National Security Counsel (NSC) or the Department of State (DoS). In accordance with Executive Order 12655, the DoS has the lead responsibility for evacuation and protection of US citizens. In accordance with 31 U.S.C. 1535 (the Economy Act), all costs incurred by the DoD in providing assistance for NEO are reimbursable. After the evacuation operation is completed, the finance and accounting or the Defense Finance and Accounting office of the supporting command will collect the cost data and submit bills to DFAS-DE. The DFAS-DE will consolidate, validate and submit the bills for reimbursement to the Department of State, Attn: Bureau of Finance and Management Policy (FMP), Washington, DC 20520-7427.

Figure 12-1. Completion instruction by block number for DD Form 448-Military Interdepartmental Purchase Request

(1)	Enter number of pages (includes attachments).
(2)	Enter Federal supply classification, if applicable.
(3)	Enter control symbol number, if applicable.
(4)	Enter the date that MIPR is prepared. For amendment, enter the date the change to the MIPR is prepared.
(5)	Enter MIPR number. First part is the DODAAC of the requiring/requesting activity. The second part is the last digit of the fiscal year and the last part is the number of the particular MIPR (numbered consecutively). For example, W53RQ3-9-01, where W53RQ3 is the DODAAD, 9 is the last digit of the fiscal year, and 01 is the 1st MIPR for this requesting activity.
(6)	Enter the amendment number of the MIPR. On issuance of the first MIPR, enter "INITIAL". Consecutively number future amendments to the MIPR starting with 01.
(7)	Enter the complete address of the agency/activity that will be accepting the MIPR.
(8)	Enter the complete address of the agency/activity that is requesting the work/services/supplies.
(9)	Check the appropriate blocks.
(9a)	Enter the item number that relates to the description. If the MIPR is requesting more than one type of item of work/service, consecutively number each item.
(9b)	Enter the description of work/services being requested, the appropriate statement if order is an Economy Ac order or a Project Order and a point of contact. For amendments, explain reason for increase/decrease.
(9c)	Enter quantity, if applicable.
(9d)	Enter unit of issue, if applicable.
(9e)	Enter estimated unit price. For amendment, enter amount of increase/decrease.
(9f)	Enter estimated total price (quantity X estimated unit price). For amendment, enter amount of increase/decrease.
(10)	Self explanatory.
(11)	Enter the grand total of the MIPR. For amendments, enter revised grand total (original amount plus/minus amended amount.
(12)	Enter transportation accounting classification if FOB contractor's plant.
(13)	Enter the address of the paying finance and accounting office and the DODAAD of the paying FAO/DAO. (NOTE: Bills will be sent to the paying FAO/DAO and not to the requesting activity. Requesting activities may request "copies" of bills with supporting detail to be provided if so stated on the MIPR and accepted by the performing activity/agency.)
(14)	In the ACRN block, enter the accounting classification reference number, if applicable. In the following blocks enter the "billed to" accounting classification. If additional space is required for additional fund citations, provide in an attachment to the MIPR and make reference to the attachment on the form. (NOTE: In the supplemental accounting classification block include the 14 digit document number.) For amendment, enter amount of increase/decrease.
(15)	Enter the authorizing officer name (typed or printed).
(16)	The authorizing officer will sign here. Electronic signature is authorized.
(17)	Enter the date the MIPR signed. For amendment, enter the date the MIPR change is signed.

Military Interdepartmental Purchase Request					1. PAGE OF PAGES	
2. FSC	3. CONTROL SYMBOL NO.	4. DATE PREPARED 30 December 93	5. MIPR NUMBER W537RQ-0-01		6. AMED NO. Initial	
7. TO: General Services Administration Region 5 Data Services Division Chicago, IL 60604			8. FROM: (Agency, name, telephone number of originator) Commander U.S. Army Soldier Support Center ATSG-DCD-PMC Ft. Benjamin Harrison, IN 46216-5005			
9. ITEMS <input type="checkbox"/> ARE <input type="checkbox"/> ARE NOT INCLUDED IN THE INTERSERVICE SUPPLY SUPPORT PROGRAM AND REQUIRED INTERSERVICE SCREENING <input type="checkbox"/> HAS <input type="checkbox"/> HAS NOT BEEN ACCOMPLISHED.						
ITEM NO.	DESCRIPTION (Federal stock number, nomenclature, specification and/or drawing No., etc.)	QTY	UNIT	ESTIMATED UNIT PRICE <i>e</i>	ESTIMATED TOTAL PRICE <i>f</i>	
1	<p>Prepare and deliver a computer drive simulation to provide the supply, processing, training and equipping requirements for a variety of given demands. The model is intended to predict the potential of the training base to meet the demand for personnel as individuals and units.</p> <p>Preparation and delivery of model will require vendor to prepare, program, and demonstrate the model; document the model and its operation in a user's manual; provide training to users; and deliver report and software (5 copies). Further information contained in attached statement of work.</p> <p>This Economy Act order is placed in accordance with the provisions of AR 37-1/DODI 7220.9M.</p> <p>Request copies of all billings be sent to: (See Block #8) POC for this order is: John Doe, DSN 123-4567/Commercial 317-123-4567</p>	1		\$225,000	\$225,000.00	
10. SEE ATTACHED PAGES FOR DELIVERY SCHEDULES, PRESERVATION AND PACKAGING INSTRUCTIONS, SHIPPING INSTRUCTIONS AND INSTRUCTIONS FOR DISTRIBUTION OF CONTRACTS AND RELATED DOCUMENTS.					\$225,000.00	
12. TRANSPORTATION ALLOTMENT (Used if FOB Contractor's plant)			13. MAIL INVOICES TO (Payment will be made by) DFAS-Indianapolis Center, ATTN: DFAS-IN/V, 8899 E. 56th St., Indianapolis, IN 46216-5000 <div style="text-align: right; border: 1px solid black; padding: 2px; width: fit-content;">W537RQ</div>			
14. FUNDS FOR PROCUREMENT ARE PROPERLY CHARGEABLE TO THE ALLOTMENTS SET FORTH BELOW. THE AVAILABLE BALANCES OF WHICH ARE SUFFICIENT TO COVER THE ESTIMATED TOTAL PRICE.						
ACRN	APPROPRIATION	LIMIT/ SUBHEAD	SUPPLEMENTAL ACCOUNTING CLASSIFICATION	ACCTG STA DODAAD	AMOUNT	
	2132020	0000	57-8307 P871713.11 2572 MIPR0000008901	S12101	\$225,000	
15. AUTHORIZING OFFICER (Type name and title) John Doe, Dir DCD			16. SIGNATURE /s/		17. DATE 30 Dec 93	

DD FORM 448
1 JUN 72

PREVIOUS EDITION IS OBSOLETE.

Figure 12-1. Sample of a completed DD Form 448-Military Interdepartmental Purchase Request

MEMORANDUM OF AGREEMENT
BETWEEN
THE U.S. DEPARTMENT OF _____ AND THE U.S. DEPARTMENT OF THE ARMY FOR
REIMBURSING THE U.S. ARMY FOR _____

I. Purpose. This agreement established the financial arrangements between the Department of (identify the other Federal agency) and the Department of the Army for reimbursing the Department of the Army for (identify the program)

II. Description of Services to be Provided. The Department of the Army is to maintain the capability to respond on an as required basis to the (identify the other Federal agency) requirements for (describe the required support) and to meet the needs of the (other Federal agency) that has limited (identify the support) capabilities

III. Basis for Reimbursement

A. This agreement is entered into under the provisions of (identify the authority, such as the "Economy Act") and provides for a reimbursable order of approximately (identify the dollar amount). This MOA is subject to annual modification as necessary to provide for reimbursement of costs as described below in providing the requested support. The amounts in respective reimbursable orders may not be exceeded by more than (display the ceiling by either a percentage or dollar value) without written approval by the (other Federal agency)

B. Support furnished under this agreement shall be for the costs incurred by the Department of the Army in providing the services

IV. Procedural Arrangements

A. *Estimating.* The Department of the Army will continuously review its actual costs incurred in providing the requested support to ascertain if they are in line with the annual cost estimates. The Department of the Army will promptly advise the (other Federal agency) of any required revisions to the value of this agreement.

B. *Ordering.* The (other Federal agency) will provide a completed order for specific materiel or services to the Department of the Army for acceptance and the identification of the (other Federal agency) accounting data for resulting billings (unless a check is provided in advance). The delivery requirements of the (other Federal agency) will be stated in the order.

C. *Billing.* The Department of the Army will bill the (other Federal agency) on a monthly basis by submitting Standard Form (SF) 1080 (Voucher for Transfers Between Appropriations) and including a breakdown of actual cost elements being reimbursed. The voucher shall be sent or delivered to the (other Federal agency) within 30 days after the month in which the transaction occurred.

D. *Payment of Bills.* The (other Federal agency) paying office will forward check payment along with a copy of billed invoice to the appropriate addressee listed on the billing invoice within 30 days of the date of invoice (unless identified as no check required). Bills rendered are not subject to audit.

V. Effective Date. This agreement is effective (date) and will terminate on (date).

(Other Federal Agency)

(Army Component)

Figure 12-2.--Sample of Memorandum of Agreement (MOA)

Figure 12-3.--Completion Instructions by Block Number for DD Form-2448 Acceptance of MIPR)

(1)	Enter the address of the requiring/requesting activity. (NOTE: Address will be the same as that entered on block 8 of DD Form 448 (MIPR).)
(2)	Enter the MIPR number. This number will be the same as entered on block 5 of DD Form 448.
(3)	Enter the amendment number. This number will be the same as entered on block 6 of DD Form 448.
(4)	Enter the signature date. This date will be the same date as entered on block 17 of DD Form 448.
(5)	Enter the amount as entered on block 11 of DD Form 448.
(6)	Check the appropriate block. (NOTE: The acceptor/performer of the MIPR may accept the order as a reimbursable order, a direct fund cite, or may split order between reimbursable order and a direct fund cite. <u>Acceptance as a direct fund cite is the preferred method</u> It is important that orders be negotiated before they are issued/accepted.)
(7)	Check, if applicable and enter comment/reasons in block 13.
(8)	In blocks 8a through 8c (self explanatory) enter the appropriate data if accepted through reimbursement. For amendments, in Blocks 8c-8d, enter amount of increase/decrease.
(9)	In blocks 9a through 9c (self explanatory) enter the appropriate data if accepted as a direct fund cite. (NOTE: It is recommended that the requiring/requesting activity issue a message/letter using a direct fund cite instead of the MIPR.) For amendments, in Blocks 9c-9d, enter amount of increase/decrease.
(10)	Self explanatory.
(11)	Enter the grand total of MIPR. NOTE: If grand total is different than that on DD Form 448, block 11, notify the requiring/requesting activity which will require an amendment. For amendments, enter revised grand total (original amount plus/minus amended amount).
(12a)	Check block, if applicable and enter the additional dollar amount needed. Show justification in block 13.
(12b)	Check block, if applicable and enter amount that is no longer required and to be withdrawn by the requiring/requesting agency. When this block is filled out and returned to the requiring/requesting agency, no change orders are required by the requiring/requesting agency. Upon receipt of DD Form 4482 and block 12b is checked and amount shown, adjust obligations accordingly.
(13)	Enter remarks, if applicable. (NOTE: Enter the appropriate statement if order is an Economy Act order or a Project Order and a POC if questions arise from the requiring/requesting activity.)
(14)	Enter the complete address of the accepting activity.
(15)	Enter the typed/printed name of the authorized official that is accepting the order.
(16)	The authorized official accepting the order will sign here.
(17)	Enter date that DD Form 448-2 is signed.

ACCEPTANCE OF MIPR					
1. TO (Requiring Activity Address)(Include ZIP Code) Commander, USASSC (ATSG-DCD-PMC) Ft. Benjamin Harrison, IN 46216-5005			2. MIPR NUMBER W537RP-0-01		3. AMENDMENT NO. Initial
			4. DATE (MIPR Signature Date) 30 December 1992	5. AMOUNT (As Listed on the MIPR) \$225,000.00	
6. The MIPR identified above is accepted and the items requested will be provided as follows (Check as Applicable) a. <input checked="" type="checkbox"/> ALL ITEMS WILL BE PROVIDED THROUGH REIMBURSEMENT (Category I) b. ALL ITEMS WILL BE PROCURED BY THE DIRECT CITATION OF FUNDS (Category II) c. ITEMS WILL BE PROVIDED BY BOTH CATEGORY I AND CATEGORY II AS INDICATED BELOW d. THIS ACCEPTANCE, FOR CATEGORY I ITEMS, IS QUALIFIED BECAUSE OF ANTICIPATED CONTINGENCIES AS TO FINAL PRICE. CHANGES IN THIS ACCEPTANCE FIGURE WILL BE FURNISHED PERIODICALLY UPON DETERMINATION OF DEFINITIZED PRICES, BUT PRIOR TO SUBMISSION OF BILLINGS.					
7. <input type="checkbox"/> MIPR ITEM NUMBER(S) IDENTIFIED IN BLOCK 13, "REMARKS" IS NOT ACCEPTED (IS REJECTED) FOR THE REASONS INDICATED.					
8. TO BE PROVIDED THROUGH REIMBURSEMENT CATEGORY I			9. TO BE PROCURED BY DIRECT CITATION OF FUNDS CATEGORY II		
ITEM NO. <i>a</i>	QUANTITY <i>b</i>	ESTIMATED PRICE <i>c</i>	ITEM NO. <i>a</i>	QUANTITY <i>b</i>	ESTIMATED PRICE <i>c</i>
1	1	\$225,000.00			
<i>d.</i> TOTAL ESTIMATED PRICE		\$225,000.00	<i>d.</i> TOTAL ESTIMATED PRICE		
10. ANTICIPATED DATE OF OBLIGATION FOR CATEGORY II ITEMS			11. GRAND TOTAL ESTIMATED PRICE OF ALL ITEMS \$225,000.00		
12. FUNDS DATA (Check if Applicable) a. ADDITIONAL FUND IN THE AMOUNT OF \$ _____ ARE REQUIRED (See Justification in Block 13) b. FUNDS IN THE AMOUNT OF \$ _____ ARE NOT REQUIRED AND MAY BE WITHDRAWN					
13. REMARKS POC for acceptance of this order is: Harry Hans, Commercial 317-542-3071 or DSN 699-3071.					
14. ACCEPTING ACTIVITY (Complete Address) GSA Region 5 DA&A Services Div, Chicago, IL 60604			15. TYPED NAME AND TITLE OF AUTHORIZED OFFICIAL Jack Doe		
			16. SIGNATURE /s/		17. DATE 13 Jan 93

DD FORM 448-2
1 JUL 71

PREVIOUS EDITION WILL BE USED UNTIL EXHAUSTED.

* U.S.G.P.O.: 1987 - 181-032/60818

Figure 12-3.--Sample of a completed DD Form 448-2--Acceptance of MIPR

Figure 12-4. Completion Instructions for SF 1080-Voucher for Transfers Between Appropriations and/or Funds

(1)	Office, department establishment, or bureau receiving funds.
(2)	Address of the office charged-should be address of paying FAO/DAO.
(3)	MIPR number, reimbursable order number, delivery order number, and so forth.
(4)	Date of delivery, if applicable.
(5)	Description of services or itemization of bill, date of bill, payment due date.
(6)	Quantity, if applicable.
(7)	Unit price cost, total, if applicable.
(8)	Unit price, cost per unit.
(9)	Amount.
(10)	Address where remittance/payment is to be sent. Provide a telephone number and the payment due date in this block.
(11)	Accounting classification of office receiving funds.
(12)	Certification statement of office charged-original signature required.
(13)	Accounting classification of office charged.
(14)	Check number of check provided by the remitter.
(15)	Voucher number-provided when check payment is made.
(16)	Voucher schedule number-internal to the disbursing office.
(17)	Bill number of the SF 1080.
(18)	Self-explanatory.
(19)	For collection with collection voucher number-SF 1080 is marked for collection when check is received. DD Form 1131 is not required nor recommended to be used when check is received for collection.

FOR COLLECTION _____

CV#5576

25 Jan 93

Standard Form 1080 Revised April 1982 Department of the Treasury I TFRM 2-2500 1080-109-08		VOUCHER FOR TRANSFERS BETWEEN APPROPRIATIONS AND/OR FUNDS			VOUCHER NO. <div style="text-align: right;">915716</div>	
					SCHEDULE NO. <div style="text-align: right;">1366</div>	
Department, establishment, bureau, or office receiving funds Department of the Army Office of Financial Management					BILL NO. <div style="text-align: right;">PAID BY</div>	
Department, establishment, bureau, or office charged Finance & Accounting Office U.S. Army Engineer District Savannah P. O. Box 889 Savannah, GA 31402					DSSN 1234 District Eng. Savannah, GA 31402 17 Jan 1993	
ORDER NO.	DATE OF DELIVERY	ARTICLE OR SERVICE	QUAN- TITY	UNIT PRICE		AMOUNT
				COST	PER	DOLLARS AND CENTS
MIPR- IA0294		Transportation expenses for John Doe from Savannah, GA to Indianapolis, IN and return. At the request of District Engineer Savannah in conjunction with reimbursable order.				516.29
				TOTAL		516.29
Remittance in payment hereof should be sent to-- <div style="text-align: right;"> Department of the Army Division of Financial Management Office Financial Operation (Tel #123-4567) Indianapolis, IN 46249-0001 </div>						
ACCOUNTING CLASSIFICATION--Office Receiving Funds						
2122020.0000 38-8301 878716.60 211J MIPRCOEIA0294F AY33 S12102						
CERTIFICATE OF OFFICE CHARGED						
I certify that the above articles were received and accepted or the services performed as stated and should be charged to the appropriation(s) and/or fund(s) as indicated below; or that the advance payment requested is approved and should be paid as indicated.						
<u>13 Jan 1993</u> (Date)		<u>Mary Doe</u> (Authorized administrative or certifying officer)				
		<u>Chief of Financial Services</u> (Title)				
ACCOUNTING CLASSIFICATION--Office Charged						
96X3124,GE,CE,Civil		EA6026100008803(DA)			S96490	
Paid by Check No. 123456789						

NSN 7540-00-634-4230

Previous Editions Are Usable

Figure 12-4. Sample of a Completed SF 1080-Voucher for Transfers Between Appropriations and/or Funds

Figure 12-5. Completion Instructions for a Mechanized (Electronic) SF 1080-Voucher Transfers Between Appropriations and/or Funds

(1)	Date prepared-system generated date of bill.
(2)	End of billing period date.
(3)	Disbursing office voucher number.
(4)	Bureau voucher number.
(5)	Customer identification number.
(6)	Check number or "No Check Drawn" if no check was issued.
(7)	Collection voucher number-used when check is received. DD Form 1131 is not used upon receipt of check. Billing document is also used as a collection voucher.
(8)	Brief block stamp of the accountable office.
(9)	Mail to address or the billed to office address.
(10)	Mailing address of FAO/DAO to receive check payment or address of credit for no-check drawn bill. Provide telephone number in this block.
(11)	Customer order number.
(12)	Bill number.
(13)	Reference number.
(14)	Reference date.
(15)	Billing accounting classification.
(16)	Billed accounting classification.
(17)	Collection amount.
(18)	Disbursement amount.
(19)	Amount to be paid or amount charged. Annotation of the payment due date is required by the billing office. Provide payment due date (DDMMYY) to the left of "PAY THIS AMOUNT".
(20)	Certifying officer statement and signature of office billed.

PREPARED 31 MAY 93

VOUCHER FOR TRANSFER BETWEEN APPROPRIATIONS AND/OR FUNDS

AS OF 31 MAY 93

D.O. VOUCHER NO.

BU VOUCHER NO.

CUST ID

PAID BY CHECK NO.

COLLECTION VOU. NO.

33F

"NO CHECK DRAWN"

ACCOUNT OF

BILLED OFFICE (MAIL TO):

BILLING OFFICE (SEND REMITTANCE TO):

"BILL TO ADDRESS-COMPLETE
WITH ZIP CODE""COMPLETE BILLING OFFICE ADDRESS TO
INCLUDE ZIP CODE"

CUST NBR	BILL NBR	REF NBR	REF DATE	BILLING ACCOUNTING CLASSIFICATION	COLLECTION AMOUNT	DISBURSEMENT AMOUNT
33F098	A0000			21 32020 0000 057 7 0F00 810000 S012102	\$860.00	
				BILLED ACCOUNTING CLASSIFICATION SUB-TOTAL		S \$860.00
33F018	A0000			21 32020 0000 057 7 0F00 810000 S012102	\$6,578.00	
33F028	A0000			21 32020 0000 057 7 0F00 810000 S012102	\$15,588.00	
33F038	A0000			21 32020 0000 057 7 0F00 810000 S012102	\$1,396.00	
33F048	A0000			21 32020 0000 057 7 0F00 810000 S012102	\$522.00	
33F058	A0000			21 32020 0000 057 7 0F00 810000 S012102	\$12,016.00	
33F068	A0000			21 32020 0000 057 7 0F00 810000 S012102	\$21.00	
33F078	A0000			21 32020 0000 057 7 0F00 810000 S012102	\$9,322.00	
33F088	A0000			21 32020 0000 057 7 0687 720000 S012102	\$160.00	
				BILLED ACCOUNTING CLASSIFICATION SUB-TOTAL	0	S \$45,603.00
					PAY THIS AMOUNT	\$46,463.00

CERTIFICATE OF OFFICE BILLED

I CERTIFY THAT THE ABOVE ARTICLES WERE RECEIVED AND ACCEPTED OR THE SERVICES PERFORMED AS STATED AND SHOULD BE CHARGED TO THE APPROPRIATION(S) AND/OR FUND(S) AS INDICATED ABOVE; OR THAT THE ADVANCE PAYMENT REQUESTED IS APPROVED AND SHOULD BE PAID AS INDICATED.

 AUTHORIZED ADMINISTRATIVE OR CERTIFYING OFFICER

TITLE

FOR USE IN LIEU OF SF 1080

Figure 12-5. Sample of a Completed Mechanized (Electronic) SF 1080-Voucher for Transfers Between Appropriations and/or Funds

Figure 12-6. Completion Instructions for DA Form 1857-Statement of Account

(1)	Address of billing office, provide telephone number for inquiries.
(2)	Mail to address of debtor.
(3)	Account number-locally assigned.
(4)	Bill number-locally assigned.
(5)	Payment due date from debtor.
(6)	Billing date.
(7)	Date ending for service period.
(8)	Detail description of charges.
(9)	Amount for each detail charge.
(10)	Accounting classification(s) for charges and related amounts.
(11)	Due process statement.
(12)	Balance brought forward (unpaid amount) from prior billing period.
(13)	Current charges-should equal total of detail charges in # 8 above.
(14)	Taxes, if applicable.
(15)	Late interest penalty, if applicable.
(16)	Additional late interest penalty of 6% a year.
(17)	Administrative fee for late payment.
(18)	Total amount to be paid.

STATEMENT OF ACCOUNT <small>For use of this form, see AR 37-1; the proponent agency is USAFAC</small>	MAKE CHECK PAYABLE TO TREASURER OF US <small>(Present or mail this portion of the bill with the payment)</small>
FROM: DFAS-Indianapolis Center ATTN: DFAS-IN/V 8899 East 56th Street Indianapolis, IN 46216-5000	ACCOUNT NUMBER DOE 010
	BILL NUMBER TCDEC
	DATE DUE 30 Jan 93
	BILLING DATE 30 Dec 92
TO: SFC John Doe 10 Hollow Court Indianapolis, IN 46249-1013	
DETACH THIS PORTION OF BILL	

DATE	DESCRIPTION OF CURRENT CHARGES	AMOUNT					
17 Dec 92	Rent	30.00					
17 Dec 92	Electricity	57.73					
17 Dec 92	Sewage	2.22					
17 Dec 92	Water	11.59					
17 Dec 92	refuse	8.00					

	2137025.0000 57 C-971 194400.00 2321 49X9358DOE010D AY10 S12102	30.00					
	2137025.0000 57 C-973 193160.00 2300 49X9358DOE010D AY11 S12102	57.73					
	2137025.0000 57 C-973 193560.00 2330 49X9358DOE010D AY12 S12102	2.22					
	2137025.0000 57 C-973 194360.00 2330 49X9358DOE010D AY13 S12102	11.59					
	2197025.0000 57 C-972 193760.00 2330 79X9358DOE010D AY14 S12102	8.00					
	YOU HAVE THE RIGHT TO A FULL EXPLANATION OF THE DEBT, TO DISPUTE OR REQUEST ANY INFORMATION IN OUR RECORDS, AND TO APPEAL OR REQUEST REVIEW OF YOUR DEBT. IF YOUR PAYMENT IS NOT RECEIVED BY THE DUE DATE, ADDITIONAL CHARGES WILL BE ASSESSED AS REQUIRED BY P.L. 97-365 AND MAY RESULT IN ADMINISTRATIVE OFFSET FROM ANY FUTURE PAYMENTS TO SATISFY THE DEBT.						
	Balance Forward	Current Charges	Taxes	Interest	Penalty	Processing	PAY THIS AMOUNT
	.00	109.54	.00	.00	.00	.00	109.54

Figure 12-6. Sample of a Completed DA Form 1857- Statement of Account